

**10/24/78**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	A. Khan to Pres. Carter, 3 pp., re:CAB successor	10/24/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 10/24/78 Box 107

## RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
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THE PRESIDENT'S SCHEDULE

Tuesday - October 24, 1978

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10:45           Return from Camp David.

11:00           Cabinet Meeting.   (Mr. Jack Watson) - Cabinet Room.  
(45 min.)

12:00           Photograph with Mr. Bill Mauer, Missouri Democratic  
(5 min.)       Chairman, and Mr. Leroy Tyus, St. Louis Ward Chairman.  
                 (Mr. Tim Kraft) - The Oval Office.

12:05           Photograph with Ms. Mary Burns, Chief of Telephone  
(2 min.)       Service.   (Mr. Robert Linder) - Oval Office.

12:10           Photograph with Ms. Barrie Burnett, "Miss National  
(2 min.)       Teenager".       (Mr. Frank Moore) - Oval Office.

12:15           Photograph with Mr. Mike Rossman, New Light  
(2 min.)       Heavyweight Crown Champion of the World.  
                 (Mr. Frank Moore) - Oval Office.

12:45           Signing Ceremony for S. 2493, Air Transportation  
(15 min.)       Registration Reform Act of 1978.   (Mr. Frank  
                 Moore) - The Cabinet Room.

1:45           Inflation Briefing for Congressional Delegation.  
(20 min.)       (Mr. Frank Moore) - The Cabinet Room.

10:00           Fireside Chat on Inflation - The Oval Office.

THE WHITE HOUSE  
WASHINGTON

*ok  
as amended  
J*

October 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE  
LES FRANCIS

*les Francis*

SUBJECT:

COVER LETTER TO MEMBERS OF CONGRESS  
ON ANTI-INFLATION PROGRAM

Attached is a proposed letter to be sent with your signature to all Members of the House and Senate as a cover letter for the anti-inflation program information package.

THE WHITE HOUSE  
WASHINGTON

To Members of Congress

The 95th Congress, just concluded, was one of the most successful in history. This Congress made major foreign and domestic policy decisions requiring both courage and wisdom. It was a Congress that was willing to face difficult issues and make tough choices for the good of our country.

We need your help again. So far this year consumer prices have risen at an annual rate of almost 10 percent. We are currently experiencing a rate of inflation that could cut the value of a family's savings in half in seven years. Inflation is clearly our worst economic problem and the one we have been least successful in solving.

At least three Presidents have tackled inflation head-on with little success. Quite frankly, we do not understand much more now about what causes inflation than they did then. We do know, however, that mandatory wage and price controls will not work, and that recession is too high a price to pay for reduced inflation rates.

*or "Enclosed is --*  
*our* ~~I am sending to you today~~ *strengthening*  
~~I am sending to you today~~ my plan for *strengthening*  
~~beginning a new~~ fight against inflation.  
The plan is designed to reduce our government's contribution to inflation and to break the momentum of wage-price increases in the private sector. It does not rely on mandatory controls, and it will avoid a recession.

The plan will require your continued cooperation in holding the line on government

- 2 -

spending. Furthermore, I will need your advice ~~on~~<sup>in</sup> reducing the inflationary impact of government regulations. ~~I will need and in your help in encouraging compliance with voluntary wage and price standards, and your support for administrative actions to encourage such compliance.~~ Finally, I will need your ~~advice and~~ support in enacting into law a program of real wage insurance for those who observe the wage standard.

<sup>Obviously,</sup>  
Progress in the battle against inflation will not come overnight. ~~In fact,~~ a President acting alone cannot win such a battle at all. However, with your help, and with that of ~~the private sector,~~ I believe we can substantially reduce inflation by following the plan I am transmitting to you today.

Sincerely,

*other Americans*

IMM.  
PRECEDENCE

UNCLAS  
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: FRANK MOORE  
TO: PHIL WISG  
for the President

INFO:

DEX \_\_\_\_\_

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THE WHITE HOUSE

WASHINGTON

October 23, 1978

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At least three Presidents have tackled inflation head-on with little success. Quite frankly, we do not understand much more now about what causes inflation than they did then. We do know, however, that mandatory wage and price controls will not work, and that recession is too high a price to pay for reduced inflation rates.

I am sending to you today my plan for beginning a new fight against inflation. The plan is designed to reduce our government's contribution to inflation and to break the momentum of wage-price increases in the private sector. It does not rely on mandatory controls, and it will avoid a recession.

The plan will require your continued cooperation in holding the line on government

spending. Furthermore, I will need your advice on reducing the inflationary impact of government regulations. I will need your help in encouraging compliance with voluntary wage and price standards and your support for administrative actions to encourage such compliance. Finally, I will need your advice and support in enacting into law a program of real wage insurance for those who observe the wage standard.

Progress in the battle against inflation will not come overnight. In fact, a President acting alone cannot win such a battle at all. However, with your help, and with that of the private sector, I believe we can substantially reduce inflation by following the plan I am transmitting to you today.

Sincerely,

THE WHITE HOUSE

WASHINGTON

23 October 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *R.H.*

SUBJECT:

Status of Presidential Requests

VICE PRESIDENT:

1. (9/20) Check with Tim and comment on the Lipshutz/  
Eizenstat memo concerning the President's Holocaust  
Commission -- Done (memo on your desk). *done*
2. (10/10) Comment on the Bert Lance letter recommending  
Felix Rohatyn as the special assistant to fight inflation --  
Done, (at 10/18 lunch). *done*
3. (10/11) Kahn suits the President; see if he is interested  
in administering the anti-inflation program -- Done (at  
10/18 lunch). *done*

WATSON:

1. (9/22) Can we restrain or prevent development at the  
sacred home of the Hopi Indians in San Francisco? -- In  
Progress, (with DPS and Agriculture, expected 10/27,  
previously expected 10/20).

PETTIGREW:

1. (10/2) Follow-up with McIntyre on the report to Congress  
by the Comptroller General on the extent of fraud against  
the government in federal economic assistance programs --  
In Progress, (Pettigrew is ready to present recommendations  
as soon as next Cabinet meeting is scheduled).

RAFSHOON:

1. (10/4) The President needs 3 or 4 names of people who might serve on the selection committee for arts awards; the first meeting will be 11/17. These persons should related to tv/movies/popular music -- In Progress. *Expedite*

KRAFT:

1. (10/10) (and Jim Gammill) Check with the First Lady on the recommendations for the JFK Center Board of Directors; they are ok with the President -- Done, (the First Lady has approved the recommendations). *done*
2. (10/11) Unless there is a serious problem, fulfill Congressman Bennett's request for Dr. Emmet Ferguson (of Jacksonville, Florida) to fill the vacancy on the Board of Regents of Uniformed Services University of the Health Services -- Done, (memo on your desk). *done*
3. (10/17) Shift list toward Polish Americans for the selection of delegates to the investiture of Pope John Paul II; the President will decide on the list tomorrow. (10/18) (and Jordan) Add A. Mazewski (of the Polish-American Congress) and the Pope's cousin to the delegation for the investiture of Pope John Paul II -- Done. *done*
4. (10/17) This is discouraging; nothing better yet for the Director of TVA?-- In Progress, (expected 10/26).
5. (10/20) (and J. Gammill) Confirm that both Teresa Hughes and Dr. Dunlap will be firm in the collection of student loan payments -- In Progress, (expected 10/27).

ATTORNEY GENERAL BELL:

1. (10/17) (and H. Jordan) Let's mount a major effort to pass a revised U.S. criminal code in 1979 -- Message Conveyed. *done*

SECRETARY ANDRUS:

1. (10/17) Carol Ruckdeschel knows more about Cumberland than any other person. The President agrees with her, and hopes that the northern part of the islands will be designated wilderness -- Message Conveyed. (After the review process runs its course, Sec. Andrus expects that the northern part of Cumberland Island will be designated a wilderness area.) *done*

EIZENSTAT:

1. (10/18) Notify Secretary Kreps that the President wants to know the plans for spending Olymic funds (based on H.J. Res. 1139, Continuing Appropriations for FY '79)  
-- Done. *done*
2. (10/20) The President has concerns about how one can quantify lost orders past and future (based on H.R. 12556, Relief of Batavia Turf Farms, Inc.); check with Secretary Bergland on this -- Done. *done*

THE WHITE HOUSE  
WASHINGTON

10/24/78

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling.

Please forward a copy of the attached to Sec. Vance for action.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

MEMORANDUM

*Cy- info.  
memo to me  
from Morales  
Bernandez J*

Until 1975 the american airline that operates between the United States and Peru via intermediate points, and beyond Peru, benefited from the greater part of the passenger traffic that traveled to/from Peru within the american continent.

In that year Peru tried to provide an opportunity that would allow a designated national airline to develop, essentially within the regional markets.

This permitted the modification -up to a certain extent- of the then current situation. Nevertheless it is obvious that at the present time the american airline takes up to 50% of the Peru/US traffic and obtains a greater acceptance than the peruvian airline in the greater part of to/from Peru traffics in which both airlines compete.

The american side pretends that its share in all markets to/from Peru be allowed to grow in favor of the designated north american airline. That includes both current markets to the north of Peru and strictly regional traffics to the south of Peru, to be specific towards Chile, Bolivia, Argentina, Brasil, Uruguay and Paraguay. This scenario can not be accepted by Peru, among other reasons because of the difficult economic situation that the country is suffering at the moment, and which has as one of its consequences a substantial reduction of its regional traffics with a direct repercussion on its designated national airline. The fact that the american airline already has a high acceptance in those same traffics because it operates on them almost as frequently as the peruvian airline concurs to this situation.

The peruvian side considers that the american proposal is not fair and does not follow a reciprocity criterion; in order to overcome such a situation proposes the following:

- 1.- The american airline can augment its frequencies between Peru and the United States, via intermediate points, with the proviso that this new frequencies must be justified a posteriori with relation to the growth of passenger traffic between Peru and the US.
- 2.- It is not possible to grant additional frequencies to the south of Peru to the american airline, because that would add to the imbalance that exists now and would endanger the development of the designated peruvian airline.
- 3.- The peruvian airline must be authorized to include New York in its route plan, in base to reciprocity; and besides in its routes beyond the US Canada should be included instead of Montreal as is now mentioned.

.....



- The peruvian economy has been going through some very delicate and difficult periods in the last few months.
- These difficulties are being addressed, in such a way that this delicate situation is beginning to show signs of leveling.
- In any case, it is absolutely essential for Peru to obtain the foreign debt rescheduling that is due to be negotiated in Paris at the beginning of november.
- Whatever the creditor countries decide in the Paris meeting is undoubtedly going to have an enormous influence on the economic development of Peru; and, in another perspective, also on the ability of the Morales-Bermúdez government to maintain its policy on human rights and its commitment to the reestablishment of democracy.
- The Lima government is fully conscious of the support that President Carter has given Peru in this difficult circumstance; it is deeply appreciated. At the same time they trust that President Carter shall give the appropriate instructions to the american delegation to the Paris meeting in order to support the reasonable peruvian proposal. This critical support would also influence in a positive way the decisions of the other participating countries.

. . . . .

THE WHITE HOUSE  
WASHINGTON  
October 23, 1978

BILL SIGNING  
S.2493 - AN ACT TO AMEND THE FEDERAL AVIATION ACT OF 1958  
(AIRLINE DEREGULATION)

Tuesday, October 24, 1978  
4:00 p.m. (15 Minutes)  
The Cabinet Room

From: Frank Moore

*f.m./Pd.*

I. PRESS

Open Press Coverage

II. TALKING POINTS

Attached

III. PARTICIPANTS

Secretary Brock Adams

Senate

Howard Cannon (D-Nevada)  
Ted Kennedy (D-Mass.)  
Jack Danforth (R-Missouri)

Staff

Staff members representing the Commerce, Science and Transportation Committee and the Judiciary Committee's Antitrust and Monopoly Subcommittee

House

Glenn Anderson (D-Calif.)  
William Harsha (R-Ohio)  
Gene Snyder (R-Kentucky)  
Allen Ertel (D-Penna.)  
Elliott Levitas (D-Georgia)

Staff

Staff members representing the Committee on Public Works and Transportation and its Subcommittee on Aviation

Department of Transportation

Terrence Bracy, Congressional Liaison

Linda Kamm, General Counsel  
Peyton Wynns, Policy Staff  
Mark Aron, General Counsel's office

Langhorne Bond, Administrator, Federal Aviation Administration

Civil Aeronautics Board

Alfred E. Kahn, Chairman  
Phil Baker  
Steve Breyer  
John Robson

State and Local

Steve Farber, National Governors Association  
Tom Bolger, National Association of Counties  
Len Simon, U.S. Conference of Mayors  
Tom Tatum, National League of Cities

Airlines

William Shimp, PSA  
Dominic Renda, Western  
Monte Lazarus, United  
Ed Driscoll, Charter Carriers  
Mike Murphy, Hughes Air West

Other

Richard Levine, Department of Justice  
Mimi Cutler, Nader's Aviation Consumer Action Project  
Frances Zwenig, Congress Watch  
Stan Sender, National Industrial Traffic League  
Jim Carty, NAM  
Jim Campbell, Director, Ad Hoc Committee for Airline Deregulation  
Shelby Southard, Cooperative League  
Bob Ginther, Local Transport Airlines  
Jack Corbett, Airport Operators Council International

THE WHITE HOUSE  
WASHINGTON

Phil has  
seen

THE WHITE HOUSE  
WASHINGTON

10/24/78

Mr. President:

Sec. Vance arrives at Andrews  
at 5 pm today. Do you want to see  
him this afternoon or wait and have  
breakfast tomorrow?

Phil

*Today*  
*J*

THE WHITE HOUSE  
WASHINGTON

10/24/78

Hugh Carter

The attached was returned  
in the President's outbox  
today and is forwarded to  
you for appropriate handling.

Rick Hutcheson

	FOR STAFFING
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	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
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ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
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	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE  
WASHINGTON

Mr. President:

With your increasing travel schedule it makes sense to acquire a replacement for the present parade limo. The one identified saves both time and money in acquisition. Hamilton, Jody and Jerry concur with this.

Phil

phil

141 -

Run on to desk  
Dean - h



DATE: 17 OCT 78

FOR ACTION: PHIL WISE

INFO ONLY:

SUBJECT: II. CARTER MEMO RE ARMORED LIMOUSINES

+++++  
+ RESPONSE DUE TO RICK HUICHESON STAFF SECRETARY (456-7052) +  
+ BY: 1209 PM THURSDAY 19 OCT 78 +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

September 26, 1978

*Hugh  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *[Signature]*  
SUBJECT: Acquisition of Armored Cars

The Secret Service has approached me about the acquisition of additional armored cars, and the transportation of them domestically by air. In a memo to Stu Knight dated 1/21/77 (copy attached) you discussed armored cars and requested the following:

- (1) That additional armored vehicles not be purchased without your approval.
- (2) That cars be prepositioned domestically so that transporting them would not be necessary, if possible. That in cases where cars be transported domestically that they be driven or hauled by surface carrier, and that they be transported by air only when no other way is practicable.
- (3) That permission be sought from you to transport vehicles overseas by air.

You have given me the authority to make the decisions on the overseas transportation. To save you the time, I recommend that you give me the authority to make the decisions on the acquisitions and the domestic air transportation.

recommend

\_\_\_\_\_ You make the decisions on the acquisitions and domestic air transportation of armored cars.

✓  
\_\_\_\_\_ I prefer to make these decisions

*Let me know - briefly - what status is. It would take no longer than fooling with this memo J*

-2-

This procedure would greatly reduce the wear and tear on them (because of the heavy weight), and allow much greater flexibility in moving them around rapidly.

Again, given your increasing travel schedule and the usefulness of these vehicles on trips, I recommend you approve this request.

✓ Approve

           Disapprove

*Why not  
use lo-boys?  
(up to 500-600  
miles.)*

*J*

THE WHITE HOUSE  
WASHINGTON

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*  
SUBJECT: Armored Limousines

Per your request (see attached memo at Tab A) this memo is to brief you on the status of the armored limousine situation. The Secret Service has approached me with the following:

- (1) They request the acquisition of a "parade" limousine for Presidential use. The current vehicle (it has the sliding sun roof and seats six) was obtained in 1972. It is projected to be retired in 1982 -- possibly sooner if it continues to be driven versus flown to trip sites.

The usual time from placement of the order to delivery of such a custom-built car is two years. This means if you approve the acquisition of a replacement limousine now, it would be late 1980 before it would be available for your use. However, such a replacement limousine was recently ordered by a foreign head of state and the order subsequently cancelled. This vehicle can be obtained for \$30,000 and the construction finished for \$110,000 with delivery in ten months.

Given your increasing travel schedule, both domestic and foreign, I recommend you approve the acquisition of this "parade" limousine.

✓ Approve                                           Disapprove

- (2) They request that parade vehicles be transported via military aircraft on all domestic trips of more than 250 miles distance from Washington.

ID 785346

THE WHITE HOUSE

WASHINGTON

DATE: 17 OCT 78

FOR ACTION: PHIL WISE

*will comment  
esp noon 10/24*

INFO ONLY:

SUBJECT: H. CARTER MEMO RE ARMORED LIMOUSINES

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM THURSDAY 19 OCT 78 +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

<input checked="" type="checkbox"/>	FOR STAFFING
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<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION  
FYI

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
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<input type="checkbox"/>	VICE PRESIDENT
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<input type="checkbox"/>	WEXLER
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<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	RAFSHOON
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input checked="" type="checkbox"/>	WISE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

THE WHITE HOUSE  
WASHINGTON


Phil Wise should comment  
on this before it goes  
to the President.

THE WHITE HOUSE

WASHINGTON

October 17, 1978

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\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

- (2) They request that parade vehicles be transported via military aircraft on all domestic trips of more than 250 miles distance from Washington.



This procedure would greatly reduce the wear and tear on them (because of the heavy weight), and allow much greater flexibility in moving them around rapidly.

Again, given your increasing travel schedule and the usefulness of these vehicles on trips, I recommend you approve this request.

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\_\_\_\_\_ Disapprove



THE WHITE HOUSE  
WASHINGTON

September 26, 1978

*Hugh  
J*

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recommend

\_\_\_\_\_ You make the decisions on the acquisitions and domestic air transportation of armored cars.

*✓*

\_\_\_\_\_ I prefer to make these decisions

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FROM: HUGH CARTER *HC*

SUBJECT: Armored Limousines

Per your request (see attached memo at Tab A) this memo is to brief you on the status of the armored limousine situation. The Secret Service has approached me with the following:

- (1) They request the acquisition of a "parade" limousine for Presidential use. The current vehicle (it has the sliding sun roof and seats six) was obtained in 1972. It is projected to be retired in 1982 -- possibly sooner if it continues to be driven versus flown to trip sites.

The usual time from placement of the order to delivery of such a custom-built car is two years. This means if you approve the acquisition of a replacement limousine now, it would be late 1980 before it would be available for your use. However, such a replacement limousine was recently ordered by a foreign head of state and the order subsequently cancelled. This vehicle can be obtained for \$30,000 and the construction finished for \$110,000 with delivery in ten months.

Given your increasing travel schedule, both domestic and foreign, I recommend you approve the acquisition of this "parade" limousine.

\_\_\_\_\_ Approve                      \_\_\_\_\_ Disapprove

- (2) They request that parade vehicles be transported via military aircraft on all domestic trips of more than 250 miles distance from Washington.

This procedure would greatly reduce the wear and tear on them (because of the heavy weight), and allow much greater flexibility in moving them around rapidly.

Again, given your increasing travel schedule and the usefulness of these vehicles on trips, I recommend you approve this request.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

THE WHITE HOUSE  
WASHINGTON

September 26, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *Hugh J*  
SUBJECT: Acquisition of Armored Cars

The Secret Service has approached me about the acquisition of additional armored cars, and the transportation of them domestically by air. In a memo to Stu Knight dated 1/21/77 (copy attached) you discussed armored cars and requested the following:

- (1) That additional armored vehicles not be purchased without your approval.
- (2) That cars be prepositioned domestically so that transporting them would not be necessary, if possible. That in cases where cars be transported domestically that they be driven or hauled by surface carrier, and that they be transported by air only when no other way is practicable.
- (3) That permission be sought from you to transport vehicles overseas by air.

You have given me the authority to make the decisions on the overseas transportation. To save you the time, I recommend that you give me the authority to make the decisions on the acquisitions and the domestic air transportation.

recommend

\_\_\_\_\_ You make the decisions on the acquisitions and domestic air transportation of armored cars.

✓  
\_\_\_\_\_ I prefer to make these decisions

*Let me know - briefly - what status is. It would take no longer than fooling with this memo J*

THE WHITE HOUSE

WASHINGTON

October 17, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Armored Limousines

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- (1) They request the acquisition of a "parade" limousine for Presidential use. The current vehicle (it has the sliding sun roof and seats six) was obtained in 1972. It is projected to be retired in 1982 -- possibly sooner if it continues to be driven versus flown to trip sites.

The usual time from placement of the order to delivery of such a custom-built car is two years. This means if you approve the acquisition of a replacement limousine now, it would be late 1980 before it would be available for your use. However, such a replacement limousine was recently ordered by a foreign head of state and the order subsequently cancelled. This vehicle can be obtained for \$30,000 and the construction finished for \$110,000 with delivery in ten months.

Given your increasing travel schedule, both domestic and foreign, I recommend you approve the acquisition of this "parade" limousine.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove

- (2) They request that parade vehicles be transported via military aircraft on all domestic trips of more than 250 miles distance from Washington.

This procedure would greatly reduce the wear and tear on them (because of the heavy weight), and allow much greater flexibility in moving them around rapidly.

Again, given your increasing travel schedule and the usefulness of these vehicles on trips, I recommend you approve this request.

\_\_\_\_\_ Approve

\_\_\_\_\_ Disapprove



THE WHITE HOUSE  
WASHINGTON

September 26, 1978

*Hugh  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*  
SUBJECT: Acquisition of Armored Cars

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You have given me the authority to make the decisions on the overseas transportation. To save you the time, I recommend that you give me the authority to make the decisions on the acquisitions and the domestic air transportation.

recommend

\_\_\_\_\_ You make the decisions on the acquisitions and domestic air transportation of armored cars.

✓  
\_\_\_\_\_ I prefer to make these decisions

*Let me know - briefly - what status is. It would take no longer than fooling with this memo J*

THE WHITE HOUSE  
WASHINGTON

October 24, 1978

Hamilton Jordan  
Stu Eizenstat  
Jack Watson  
Anne Wexler

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
appropriate handling.

Rick Hutcheson

cc:

Phil Wise  
Fran Voorde

SUB CABINET INFLATION MEETING

THE WHITE HOUSE  
WASHINGTON

October 20, 1978

*Prefer  
Smaller Group  
@ 450  
EOB  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
HAMILTON JORDAN  
ANNE WEXLER *A.W.*  
JACK WATSON *Jack*

SUBJECT: Sub-Cabinet Inflation Briefing

We recommend that we arrange for next Wednesday a government-wide briefing on your anti-inflation program following immediately on the heels of your speech to the nation Tuesday night.

The audience for the briefing would consist of the 1500-2000 sub-cabinet officers (most of whom are Presidential appointees) who actually manage programs of the federal government. These are the people who will be in regular contact with government grantees and contractors most immediately affected by the enforcement aspects of the program, and it is critical that they be "on board" both as to the spirit and substance of your program. They can and will make a substantial difference in how effectively the program is implemented.

We suggest that you schedule a 10 minute drop-by for this briefing which will be held in a Department of Commerce auditorium large enough for the purpose. Jack would arrange the briefing and work with Charlie, Stu and others on the actual agenda for the session. Your remarks would come at the end of the briefing and would engender the kind of commitment throughout the government that will be required if we are to succeed.

This would be the first time in your Administration that virtually the entire sub-cabinet would be gathered to hear you speak. The importance you attach to an effective anti-inflation program and the importance of a united governmental approach would be dramatically underscored by your participation.

Approve \_\_\_\_\_ Do Not Approve \_\_\_\_\_

THE WHITE HOUSE  
WASHINGTON

10/24/78

Stu Eizenstat

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
appropriate handling.

Rick Hutcheson

cc: Frank Moore

SEN. MOYNIHAN LETTER -- NYC AND  
WELFARE

cc  
She  
J

M E M O R A N D U M

FOR THE PRESIDENT

October 13, 1978

New York City continues its slide into bankruptcy. Its fiscal overseers forecast budget gaps of \$452 million in 1980, \$990 million in 1981, and \$1,178 million in 1982, deficits which will grow larger still if anticipated state and federal revenues do not fully materialize.

After the punishing cutbacks the city has imposed on itself in the past four years, there is now no prospect of balancing the city's books -- at least not in this generation -- without significantly increased federal assistance.

With the present mood of Congress and the nation, this will not come by increasing the discretionary grant programs. Short of a basic change in the political economy respecting New York City, our best prospect is to alter some of the major formula programs that now exact a heavy toll from the city. The most manageable of these is welfare, which presently costs New York City \$556 million a year. Lifting that burden would do more than any other single act to give the city a real prospect of fiscal recovery.

As you develop the welfare bill you will be sending us next year, I hope you will consider that from New York's standpoint, welfare reform is fiscal relief.

Without getting too much into larger questions of social policy, I would add that after years with the subject I do not believe that there is much else the Federal government can do about welfare. To define the problem as one of work availability is to overlook the fact that in our large cities half of those going onto welfare are unmarried mothers. No one knows how to reduce their number, save that over the long run demography would appear to be on our side, as there is shrinkage of the age cohort most at risk.

In the meantime, we must ask how New York City can manage. I submit that the answer is welfare fiscal relief. Yet the pronounced fact about the welfare bills we considered last year is that they contained little fiscal relief to begin with while the larger (and more costly) they grew, the less they retained.

In your message to Congress of August 6, 1977, for example, you stated that New York City would receive \$174 million in fiscal relief from a program with net federal costs of \$6.1 billion. When the Special House Subcommittee got finished amending your program, the federal cost had soared to \$20 billion but the fiscal relief for New York had shrunk to \$66 million.

When we met yesterday, you indicated an interest in curbing "the longstanding biases in favor of the South" in federal legislation. Let me be clear that this was a bias which for years I did my best to accentuate.

Let me offer the Family Assistance Plan as an example. I calculated that had the program been adopted, some \$2.1 billion would have been paid to low income families in the south, of which two-thirds would have come from taxes collected outside that region.

This was intended. I wrote in 1973 in The Politics of a Guaranteed Income,

Since the Civil War itself, there has been a body of opinion that has held that so long as the South remained poor, the Nation would remain in danger. This was not exactly knowledge, but it was a not unreasonable inference from the apparent facts of the preceding century. Southern economic parity with other regions would not bring an end to racial tension; it might even increase it. But there is a difference between social peace and social stability, and it was the latter, perceived as a rough equality of the races, that the planners of FAP were seeking, albeit with little more to go on than a conviction as old as Thucydides that justice between unequals is impossible.

Funds would have flowed South under FAP, and so will they under any welfare program similarly constructed. In that connection, you will be interested in a careful new analysis of "Welfare Reform and State Fiscal Flows" by Mathematica Policy Research, Inc. They hypothesized a series of negative income tax plans quite similar to the "cash side" of your Better Jobs and Income Program. They found that if the additional federal expenditures were financed through the federal income tax structure, "the states which are net gainers of transfer dollars are the Southern and Mountain states." Northeastern states would end up as net losers. New York's loss could range up to

Memo to the President  
October 13, 1978  
Page 3

half a billion dollars. Texas' gain could reach \$474 million, Georgia's \$260 million.

If we are seriously concerned with reversing this bias, a good place to begin is the welfare reform bills we will consider in 1979.

A handwritten signature in dark ink, appearing to read 'DP Moynihan'.

Daniel Patrick Moynihan



THE WHITE HOUSE

WASHINGTON

October 23, 1978

PHOTO OPPORTUNITY WITH BARRIE BURNETT - MISS NATIONAL TEENAGER

Tuesday, October 24, 1978  
12:10 p.m. (2 minutes)  
The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To meet and be photographed with Miss Barrie Burnett who was recently crowned "Miss National Teenager".

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Barrie Alice Burnett is the daughter of Tennessee State Representative Jack Burnett (D-Gallatin) and his wife, Mary.

On August 19, 1978 she was crowned "Miss National Teenager" in this seven year-old pageant in Atlanta, Georgia. As one of 51 contestants, she was selected on the basis of academic excellence, poise, personality and appearance. Each participant also had to present an oral essay entitled "What's Right About America". Last January she was selected as Miss Tennessee Teenager and was honored with "Barrie Burnett Day" in Gallatin.

Barrie is 18 years old and graduated from Gallatin Senior High School with a Grade A average, and held an assortment of honors in her class. This 5'4½" blond, green-eyed beauty, who is described as having a "Jimmy Carter" smile, has had modeling experience and hopes to become a professional model or a fashion merchandiser. She enjoys dancing, all sports, reading and politics.

As winner of the pageant, Barrie was awarded a \$5,000 cash scholarship; a \$2,000 personal appearance contract; a \$750 scholarship to Concordia College, Seward, Nebraska; a role in a movie; and, her family will also receive the vacation of their choice.

During the ensuing year Barrie Burnett will travel approximately 150,000 miles and make appearances in at least 45 states representing teenagers.



Page two  
Barrie Burnett

Participants: The President, Barrie Burnett, Frank Moore, Phil Wise, Mary Burnett (Barrie's mother), Missie Burnett (Barrie's sister), and Mrs. Sybil Shaffer, National Director for the "Miss National Teenager" Pageant, Representative Al Gore (D-4th C.D., Tenn).

Press Plan: White House Photographer only

III. TALKING POINTS

Congratulate Barrie on her title and wish her a wonderful year.

1:45 PM

THE WHITE HOUSE  
WASHINGTON

October 23, 1978

MEETING WITH MEMBERS OF CONGRESS ON INFLATION

Tuesday, October 24, 1978

1:45 p.m. (15 minutes)

The Cabinet Room

From: Frank Moore *FM/pc*

PARTICIPANTS

Thomas P. O'Neill, Jr, the Speaker

Ab Mikva, member on the Ways & Means Committee. Mikva has been extremely interested in our inflation package. We invited him to attend both because of his interest and because we know that attending the meeting will give a boost to his re-election campaign.

Bill Moorhead, Chairman of the Economic Stabilization Subcommittee of the Banking, Finance & Urban Affairs Committee

Ned Pattison, Member of the Banking, Finance & Urban Affairs Committee. Pattison has also been concerned about our inflation package and asked to attend a briefing. We invited him because of his interest.

Bob Giaimo, Chairman of the Budget Committee

Bob Byrd, Majority Leader

Jack Javits, Ranking Republican on the Joint Economic Committee

Henry Bellman, Ranking Republican on the Senate Budget Committee

TALKING POINTS

Talking Points for the President  
Meeting with Members of Congress  
on the Anti-Inflation Program

1. I appreciate your coming today to meet with me on inflation. Inflation is the number one problem facing our country today -- number one because it hurts all Americans, and number one because -- unless we bring inflation under control -- we cannot hope to continue our progress against unemployment.
2. I have rejected wage and price controls -- they will straitjacket our free economy. History has shown that in peace time they would break down of their own weight.
3. I also have rejected throwing the economy into recession to fight inflation. Our progress against unemployment has been hard won. To reverse ourselves now would be fruitless -- higher unemployment will not cure inflation, but it will cause immense misery for millions of people.
4. In fact, there is no single cure for inflation -- except perhaps where the cure is worse than the disease. Because inflation has many causes, we have to tackle it in a number of different ways.
5. And so tonight in my speech I will announce a third approach to the inflationary problem that involves a number of steps. I cannot guarantee the success of this program. But I believe that it is the most sound approach to the inflation problem that is available to us.
6. My program will be fair and balanced. It will have three parts, each of major importance.
  - First, I will work to make sure that the Federal budget does not become an engine for inflation. That means severe restraint in the growth of spending and in the size of the deficit in the 1980 budget that I will submit next year.
  - Second, I will work hard to reduce the direct impact on prices from government actions. I will direct the establishment of a Regulatory Council, consisting of the regulatory agencies of the Federal Government, to assist me and my other advisers in reducing the cost of regulation. The Council will prepare twice each year a comprehensive

calendar of the major new regulatory proposals that they are preparing. The calendar will include the costs and reasons for each proposal. It will be a tool of major importance in the fight against excessively costly regulations; for the first time it will give us a total view of regulatory impacts -- both the needs and the costs.

o Effective today, I will also order government agencies to reduce their employment levels by filling only one of every two vacancies as they occur.

-- Third, I will ask workers and businesses to cooperate with a program of voluntary wage and price standards that are designed to break the momentum of price increases in the economy.

7. Under my pay standard, I will ask workers to hold their wage and fringe increases to 7 percent or less in the year ahead.
8. We are aiming, in our price standard, for an economy-wide 5-3/4 percent rate of price increase. And we would get there by asking each firm to hold its price increase 1/2 percent below their rate of increase in 1976 and 1977.
9. We will obviously have to make limited allowance for special circumstances in a complicated economy -- for example, we won't breach wage contracts that have already been signed, and some firms have large uncontrollable cost increases for energy. But even with these allowances, widespread observance of the wage and price standards would give an inflation rate of 6 percent or a little more -- compared to over 9 percent so far this year.
10. Whenever these standards are breached, I am prepared to take appropriate actions to expand supplies or moderate price increases. These actions could include reducing protection from foreign competition, changing government rules that raise wages or prices, encouraging regulatory agencies to act to moderate rate increases or to increase supplies of goods or services.

11. I recognize, however, that a voluntary program runs the risk that workers will not cooperate out of fear that other workers or businesses will not observe the standards, and that their cooperation would cost them a loss in real income. To ease this justifiable fear, I will propose to the Congress in January a program of real wage insurance. Under this program, a tax refund would be given to each worker who is a member of an employee group that meets the 7 percent wage standard, if the rate of inflation next year exceeds 7 percent.
12. Later, Charlie Schultze will give you fuller details on the program I will announce tonight.
13. I would like to ask you to help me in the fight against inflation. I will need your support in the Congress to keep the Federal budget in line and to pass the real wage insurance program. And I will need your help to explain to the American people the urgent need for cooperation with my program. I ask for that support.
14. I also will need your counsel in the months ahead. Inflation is a difficult problem. I do not have all the answers, now does anyone. But I will rely on the guidance of members of the Congress, as well as my own advisers, in making this anti-inflation program work. Therefore, I ask also for your counsel in the months ahead.

THE WHITE HOUSE

WASHINGTON

Meeting with Bill Mauer and Leroy Tyus  
Tuesday, October 24, 1978  
12:00 noon  
( 5 minutes )  
The Oval Office

(by: Scott Burnett)

- I. PURPOSE: to greet Leroy Tyus, St. Louis, Missouri,  
Democratic Chairman for the 20th Ward
- II. BACKGROUND, PARTICIPANTS, PRESS:
  - A. Background: Leroy Tyus is a St. Louis City Democratic Ward Chairman. He helped to carry his ward 7741 for Carter/Mondale to 657 for Ford/Dole. Missouri State Democratic Chairman Bill Mauer asked that the President greet and thank Leroy.
  - B. Participants: Leroy Tyus  
--St. Louis City Democratic Chairman for the 20th Ward  
  
Bill Mauer  
--Missouri Democratic State Chairman
  - C. Press: White House Photographer only.

12:05 PM

THE WHITE HOUSE

WASHINGTON

October 19, 1978

FAREWELL PHOTOGRAPH WITH MARY BURNS

Tuesday, October 24, 1978  
12:05 p.m. (2 minutes)  
The Oval Office

From: Hugh Carter 

I. PURPOSE

Farewell Photograph

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Mary Burns, Chief Telephone Operator, is retiring on November 4th after serving the Government for over thirty-five years. She came to the White House in April, 1949, and has served 7 Presidents beginning with President Truman. Mary was promoted to Chief Operator in May of 1975.

B. Participants: Mary Burns  
Bernard A. Burns (husband)

C. Press Plan: White House Photographer



11:00 AM

THE WHITE HOUSE  
WASHINGTON

October 23, 1978

9  
1

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*  
SUBJECT: Suggested Agenda for the Cabinet Meeting  
Tuesday, October 24, 1978  
11:00 a.m., Cabinet Room

The Cabinet meeting is scheduled to begin at 11:00 a.m. The following Members of the Cabinet will not be in attendance because of previously scheduled Congressional campaign appearances:

Secretary Adams  
Secretary Califano  
Secretary Blumenthal  
Secretary Andrus

Each will be represented at the meeting by:

Deputy Secretary Alan Butchman (for Adams);  
Inspector General Thomas Morris (for  
Califano. Hale Champion is in Paris  
UNESCO meetings);  
Deputy Secretary Robert Carswell (for Blumenthal);  
Under Secretary James Joseph (for Andrus).

The meeting has been called to provide a briefing for the Cabinet on your anti-inflation program. There will be a brief press and photo opportunity at the start of the meeting.

You are scheduled to start the meeting with opening remarks. In addition to the substantive comments you choose to make, the following procedural observations would be in order.

- o The anti-inflation program will require the total and sustained support of every member of the Cabinet.
- o Members of the Cabinet and sub-Cabinet should use every speaking engagement as an opportunity to stress the anti-inflation program of the Administration.
- o It is essential that we not only receive the widest possible measure of support for the program, but that throughout the government we speak with a single coordinated voice on program matters.
- o The staff of the Council on Wage and Price Stability will have the responsibility for coordinating all public statements, speeches, press releases, and publications dealing with the anti-inflation program. Agency officials who will be making public contacts, statements or releases on the anti-inflation program should coordinate with Barry Bosworth at the Council in advance. No exceptions.
- o The Council on Wage and Price Stability will augment its staff to administer the program.
- o While permanent staff is being recruited, agencies will be asked to provide limited support to CWPS through detailees.
- o For the first six months, CWPS will be asking for 50-100 people already identified within your agencies.
- o No single agency will be asked to bear an unfair burden.
- o Every agency should cooperate with Barry Bosworth during this transition period.
- o Agency staff will be returned to their home agency posts as permanent staff is added to CWPS (the entire staffing process will be completed within the six-month period).

Following your remarks, Charlie Schultze is prepared to provide a full briefing, in detail, to the Cabinet.

The meeting is scheduled to last one hour.

11:00 a.m.

THE WHITE HOUSE

WASHINGTON

October 24, 1978

Q

MEMORANDUM FOR THE PRESIDENT

FROM: Jody Powell *JP*

RE: Remarks at Cabinet Meeting

As you know, there will be a picture opportunity with sound at the beginning of your 11 am Cabinet meeting. This will provide you with an opportunity to say a few words which will be available for use on today's evening news.

The networks will only be looking for 30 seconds or so. Therefore you should have within your own mind a clear idea of one or two points you wish to make.

I suggest that you concentrate upon:

1. The fact that the Federal government will be doing its part -- setting a clear example of sacrifice and austerity for the rest of society.
2. Unless our country can unite, rise above particular and personal interests and get a grip upon inflation through a program such as this, most economists predict that we will face rising interest rates and a recession next year. Such consequences would be particularly harsh on those who can least afford it. There will be increased unemployment falling most heavily on those groups of our society where unemployment is already too high. There would be decreased federal revenues to finance needed social programs designed to aid the least fortunate in society.

I suggest that once you have completed the remarks you wish to make for the press, you give us some signal so we can call lights and get them out of the room. A slight nod or hand gesture will suffice.

THE WHITE HOUSE

WASHINGTON

October 23, 1978

PHOTO SESSION WITH REP. JIM FLORIO AND MIKE ROSSMAN

Tuesday, October 23, 1978

12:15 p.m. (3 minutes)

The Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE:

Photo session and opportunity to congratulate Mike Rossman on winning the Light Heavyweight boxing championship.

II. BACKGROUND, PARTICIPANTS, & PRESS PLAN

- A. Background: Mike Rossman won the world light-heavyweight championship on Friday, September 15, 1978 in New Orleans. He has been boxing since he was 14. At 22, he is the first United States-born boxer to hold the 175 pound light-heavyweight championship since 1968. Most of the time the crown has been in the possession of Victor Galindez of Argentina, from whom Mike won the title.

Mike will make the first defense of his newly-won World Boxing Association championship against Italian champ, Aldo Traversara in Philadelphia on December 5, 1978.

His wife's name is Maxine and his father, who will accompany him, is Jimmy DePiano.

- B. Participants: The President  
Rep. Jim Florio  
Mike Rossman  
Maxine Rossman  
Jimmy DePiano  
Robert Arum (Chairman of the Board of Top Rank, Inc., Rossman's agent)  
Mayor Anthony Marsella (Mayor of Washington Township, New Jersey)  
Frank Moore

- C. Press Plan: Full press coverage

III. ADDITIONAL INFORMATION:

Rep. Jim Florio (D., 1st, N.J.), wife's name, Marianne

Committees: Interior and Insular Affairs (20)  
Subcommittees:  
National Parks and Insular Affairs

Interstate and Foreign Commerce (19)  
Subcommittees:  
Health and the Environment  
Transportation and Commerce

Administration Support: 93.9%

Favorable Votes: Emergency Natural Gas-Conf. Report  
200 Mile Fishing Zone  
Nuclear Aircraft Carrier  
Tax Cuts-Recommit \$50 Rebate  
Economic Stimulation-Countercyclical  
Economic Stimulation-Final Passage  
Common Situs Picketing-Final Passage  
International Financial Institutions  
Final Passage  
Water Projects-Budget Resolution  
Water Projects-Derrick/Conte  
NEA-Deregulation Natural Gas  
NEA-Final Passage  
Labor Law Revision-Final Passage  
Social Security-Final Passage  
DOD Veto Override  
Public Works Appropriations

Unfavorable Votes: Aegis System-USS Long Beach  
Clinch River Breeder-Brown Amendment  
Energy Conference Report

REMARKS FOR SIGNING OF AIRLINE DEREGULATION LEGISLATION

It is a special pleasure to sign the Airline  
Deregulation Act. This legislation will help us achieve  
two critical national objectives: it will aid in our fight  
against inflation and ensure that millions of Americans can  
continue to enjoy the advantages of low-priced air  
transportation. It will also mean less government regulation  
and a more prosperous airline industry.

All of us here today worked long and hard for this  
legislation, and the product is well worth that labor.

In recent months, thanks to the actions of the Civil  
Aeronautics Board under the leadership of Chairman Alfred  
Kahn, we have seen the beginning of real competition among  
domestic carriers. Competition has already helped both  
consumers and the industry--it has brought lower fares,  
more passengers--and record profits.

*Regulation of ~~air~~ air safety will,  
of course, be continued by another agency.*

-2-

With this Act, airlines can reduce their fares up to  
50 percent, opening up air travel to millions of Americans  
who could not previously afford it. There will also be  
more competition for routes. In the past, it was nearly  
impossible for new air carriers meeting all the safety  
and financial requirements to receive permission to serve  
the public. Under the new bill, the opportunities for  
entry will be vastly increased. The bill also provides a  
more efficient program for guaranteeing good quality  
service to our small communities. And the bill fulfills  
the promise of lifting the heavy hand of government regula-  
tion by phasing out all activities of the Civil Aeronautics  
Board by 1985. For the first time in years, we have  
deregulated a major industry.

*phase out  
route  
approved '81  
domestic  
fares '83*

When I announced support for airline deregulation soon  
after taking office, the bill had few friends. I am happy  
to say that today, it appears to have few enemies.

-3-

Governors, Mayors, consumer advocates all supported the bill, and all will benefit from the increase in competition and the guarantees of quality service to small communities.

Taxpayers will benefit from the orderly phasing out of the Civil Aeronautics Board, and from the sound precedent this bill sets for dealing with other over-regulated industries.

This bill would not have been possible without the early leadership of Senator Ted Kennedy and Senator Howard Cannon. I want to especially thank them for first raising this issue to public attention. I also want to thank Chairmen Bizz Johnson <sup>*Allen Ertel*</sup> ~~and~~ Glenn Anderson for the cooperation and leadership they showed in passing this exemplary, anti-inflation legislation.





Mr. President - -

If you finish this  
prior to 20 minutes before  
arrival tonight, we'll  
be able to make a verbatim  
copy for you to take  
to Camp David for those  
final letter touches you  
may want.

- - Susan

~~Have~~ started early  
now ready to escalate

## Cambridge Survey Research

Suite 1250 1775 Pennsylvania Avenue, Washington, D.C. 20006 Telephone (202) 223-6345

### MEMORANDUM

TO THE PRESIDENT  
FROM PATRICK H. CADDELL  
RE INFLATION SPEECH REVISED  
DATE OCTOBER 20, 1978

Mr President, I have been wrong in the past but I don't believe I have ever mislead you or given you a serious piece of bad advice on a serious issue. I have read draft #6 of the inflation speech and seen the prospective changes. I believe with every fiber in my body that my worse fears of yesterday are going to be realized.

Even redrafted, this speech will serve to accomplish what I warned against in the memo yesterday. The speech even with the qualifications and cautions being drafted is going to send the following signals that will be impossible to head off. (1) This is a serious Presidential matter. (2) I have a program. (3) I'm taking on the issue. The reason I say, even despite the qualifications, that this will be the message rests on the fact that the structure of the speech makes it so. Three quarters of the speech is devoted to a classic governmental/program/problem solving digression. In short, the speech is about the detailed program hence the medium does become the message and for sure the media will make the program the news peg of their reports.

Three other factors are already impacting. First, the business community and labor movements have already decided that this program is inadequate, will probably fail, and will eventually mean wage and price controls. This perception despite your protestations seems to be sparking movement toward price rises and wage demands. Second, the general press is already saying this is too little, won't work, not strong, and it seems clear they are going to hammer the program. Third and most importantly, the OMB internal projections are apparently indicating high double digit inflation, particularly in the food sector next year. This is truly frightening and I would think confirms the fact that we run the risk of that inflation becoming "Jimmy Carter's Inflation."

IN CAMBRIDGE  
10 Moulton Street  
Cambridge, Massachusetts 02138  
(617) 661-3212

I have talked this morning with numerous staff and advisors. Many are concerned, some very concerned. However, everyone argues again that "we must do something" or "we're too committed." They argue that the speech will be toned down. I again reiterate that the symbols are too strong.

Mr. President, it is never wrong not to avoid a serious mistake. We are not committed so far that we cannot change direction. Whatever damage is incurred is minimal compared to what we probably face going ahead as we are.

Mr. President, you succeeded at Camp David because your approach was unconventional and visionary. If you had attempted the conventional diplomatic approach you might well have failed. Also, you were elected because you promised not to be conventional. It is your great strength.

I am advocating that we be unconventional, that we alter the conceptual module in which we approach this issue.

In the context I recommended yesterday, I would specifically have a 15 minute speech. The first half would explain, as I wrote before, that we have no answers, that for years our predictions and expectations have been upset, that we don't know the true factors, that we and others have failed with this long term deep seated problem. I would say that no President has ever come to the country to deliver this kind of message but that this problem is in all honesty totally different. Finally, I would say that we now think the situation is going to get worse in the future before it ever gets better. I would make this dramatic and unconventional statement the true heart of the speech.

In the second half of the speech I would outline only the highlights of the program, would describe them as the only tools a President has, and would, most importantly, say these are at best stop gap solutions. I would then go on to explain the FDR approach, realizing that the emergency is different, but also attempting to engage the country in the search for true, maybe different long term solutions.

Mr. President, to be unconventional is not easy. To stop the wheels of a spinning government is even harder. However, if inflation is going to be the long hard struggle it now appears, then lets find some conceptual ground that gives us some chance to endure. Let us not throw that slim opportunity away to certain defeat. In the final analysis courage is no answer to disaster.

THE WHITE HOUSE

WASHINGTON

October 20, 1978

Q

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER  
JACK WATSON

SUBJECT:

Anti-Inflation Speech

We strongly agree with Stu's memorandum regarding the "budget" language to be used in your inflation speech next Tuesday night. We think it would be unwise and very damaging politically either to lock yourself in at this time to specific numbers for the 1980 budget, or to say that there will be no real growth in any programs except those vital to our national security. The effect of such a statement would be to imply that we intend to "wring" inflation out of our domestic programs but not out of the defense budget.

In addition to the reasons cited by Stu, all of which we fully endorse, we do not believe that such a statement is politically necessary in order to sell the program or establish its credibility. As long as you make clear your commitment to "be tough" in constructing the fiscal 1980 budget and emphasize your resolute intention to lower the budget deficit by several billion more dollars, your (and the Federal government's) actions on the budgetary side will be credible.

The more liberal groups we have briefed over the last two weeks have been primarily concerned about enforcement of the anti-inflation efforts with respect to business and labor, and with the impact of the anti-inflation program on jobs. Business groups, on the other hand, are most concerned about the credibility and strength of the regulatory review aspects of the program, and, of course, with the enforcement of the program with respect to labor.

Based on the groundwork we have laid during the summer and with careful briefings over the next few weeks, we believe we can obtain endorsements of your program from numerous key governors, big city mayors, county officials, and from some key civil rights, hispanic, consumer and other leaders. We believe we can get others to take a "wait-and-see" position, even if they cannot actively support us. There is no doubt, however, that being too specific about domestic budget cuts that may be necessary will make it difficult, if not impossible, for many of those state and local leaders either to endorse, or remain neutral about, your program.

Like Stu, we are also very concerned that you not unduly and prematurely bind yourself on the FY80 budget. Economic and other circumstances are constantly changing, and you need the flexibility to be able to deal with those changes.

THE WHITE HOUSE

WASHINGTON

Mr. President--

Here are some quotes from FDR et al that may  
be appropriate for your inflation speech.

Jerry Rafshoon

The country needs, and unless I mistake its temper, the country demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something. (FDR)

The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith. (FDR)

In this effort we may succeed or we may fail. But we must not fail for not trying.

The safest course of action in the short run would be to try nothing and risk no failure. But in the long run it is that course that is most certainly doomed to failure.

There are those who will say that this effort cannot succeed, who will ridicule it. But I know of no great success in the history of our people that was not born amidst skepticism and ridicule.

I don't know of any certain road to success. But I do know a certain road to failure and that is doing nothing.

As far as this program is concerned there will be two types of Americans -- those who are willing to try even though we might fail and those who will certainly fail because they are afraid to try.

THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

Attached are my comments on the last draft of the inflation speech. I think it is a good speech. I understand that Charlie is adding some last minute changes on the budget language and on productivity.

If Kahn accepts the position you might want to mention this in the speech.

Stu Eizenstat

20 Oct 78



THE WHITE HOUSE  
WASHINGTON

October 20, 1978

STU  
Stu Egan

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON, JIM FALLOWS *T. rim*

SUBJECT: Inflation Speech

Here is the latest draft of your inflation speech. It reflects the comments and decisions made at yesterday's meeting, later comment by your advisors, and your own clear instructions not to over-sell the chances of success. The budget language is what we agreed on at the meeting; the monetary policy section came from Stu and Charlie; the regulatory language from a caucus of all involved.

There are still a few policy holes in the speech -- the "insurance" provision, for example, and any mention of someone to direct the effort.

On page 14, there is now a reference, in brackets, to vetoing the meat import bill. Stu and Bob Strauss both think it is a big political mistake to veto the bill before the election; Jerry points out that the only people who will understand what you're talking about are the ones who will be angry about it.

Both of us will be out of town on Saturday, while you are on your trip (Greg Schneiders and Achsah Nesmith will be on your trip with you.) We will be back on Sunday for further work.

INFLATION SPEECH

*This is a  
frank &  
honest speech.* I want to have a frank ~~blunt~~ talk with you tonight  
about our most serious domestic problem.

That problem is inflation. It threatens all the  
economic gains we have made. It stands in the way of  
all that we might achieve in the future.

If inflation gets worse, several things will happen.  
Your purchasing power will continue to decline. Most of  
the burden will fall on those who can afford it least.  
Our national productivity will suffer. Our dollar will  
continue to fall in world trade.

We have made tremendous progress in putting our  
people back to work over the past 21 months. We have

created more than six million new jobs for American workers.

We have reduced the unemployment rate from eight per cent

to six per cent. /-- and we will continue our efforts to

further reduce unemployment among our young people and

minorities.]<sup>\*</sup> \*Stu recommends.

I tell you tonight that inflation threatens this progress. If we do not get inflation under control, we will not be able to reduce unemployment further -- as we must -- and we may even slide backward.

I don't have to tell any of you about the effect inflation has had on your daily lives.

You don't need long explanations about the causes of inflation or its history. You want to know what we are going to do about it. And that is why I am speaking to you tonight.

There are two simple, familiar answers to inflation -- simple, familiar, and too extreme. One of these extreme answers is to impose wage and price controls on our free economy. Except in times of national emergency, I will not impose them.

The other extreme is recession, which throws millions of people out of work.

I reject both these extremes -- but I understand why people find them attractive. They give the illusion of offering a simple answer -- while no one has thought of a simple, sensible, effective plan to end inflation.

No one. Not businessmen, not labor leaders, not academics,

not economists, <sup>not government officials</sup> [Certainly not me.] I have spent hour after

hour in these last few months, reviewing with my advisors <sup>and with a wide variety of leaders outside the government</sup> every proposal, every suggestion, every possibility for solving inflation. If there is one thing I now know

*This is too strong - says before speech starts that it is not a sensible plan to end inflation*

*Again - much too strong*  
beyond any doubt, it is that there is no one simple solution for  
inflation. *If there was a simple button ~~pushed~~ to stop inflation it would have been pushed by me or my predecessors long ago.*  
What we have, instead, is a number of partial remedies. Some of them will help, some may *not* do no good at all.] But we have no choice but to use the best approaches

we can think of now -- and to realize that we face a

constant search for new ideas, more effective approaches *which I will continue with earnestness and dedication. We will keep trying and continue to persevere.*  
I want to discuss with you tonight the most effective

approaches we have been able to develop. They involve  
steps by government, business, labor, and every other  
sector of our economy.

Some of these factors are under my control -- especially  
government actions -- and I will make sure that the govern-  
ment does its part of the job. But whether this plan  
does any good will finally depend on you as much as on me.  
Your decisions -- made every day at your gas stations, in

your grocery stores, at your businesses, in your union meetings -- will determine our nation's answer to inflation as much as decisions made here in the White House or by the Congress on Capitol Hill.

I can't guarantee that this plan will succeed. In fact, it is almost certain not to succeed, if success means quick or dramatic changes. Every free government on earth is wrestling with this problem, and every one of them knows that long-term diseases require long-term therapy. There are no <sup>easy, quick</sup> solutions to inflation <sup>or they would have been discovered long ago -</sup> only improvements -- but it is up to us to make the improvements we can, even at the risk of failure, rather than to ensure failure by not trying at all.

We'll start our improvements with the government. Government is not the only cause of inflation. But it is a cause, and it does set an example -- and therefore, it must take the lead in restraint.

We are going to set that standard by:

- cutting government spending, reducing the budget deficit, and eliminating government waste;
- freezing Federal hiring and cutting the Federal workforce;
- reducing needless regulations;
- using the government's power to bring competition back to our economy; and
- opposing any further reduction in Federal income taxes until we have convincing prospects of controlling inflation.

Let me explain what each one of these steps means.

The first thing we will do is to cut the budget deficit.

Our people are simply sick and tired of wasteful Federal spending, and the inflation it brings with it.\*

\* Stu objects.

We have already had some success. We have brought the deficit down by one-third since I ran for President -- from more than \$60 billion to the low 40s, in just 2 years.

It will keep going down. Next year, the budget deficit will be roughly one-half as large as the one I inherited. In

No - means the next budget I submit, except for programs vital to  
all cuts come  
in domestic our national security, I am placing an absolute freeze  
+ more in defense. This is suicide + wrong  
A statement about on real growth in Federal spending.  
"30 b. or below" is better  
than this. Charles When I ran for office, I promised to cut the govern-  
ment's share of our total national spending from 23 per cent  
longer. ment's share of our total national spending from 23 per cent  
to 21 per cent in fiscal year 1981. We're now planning  
to meet that goal one year early.

Reducing the deficit will require choices -- difficult, unpleasant choices.



We have already had some success. We have brought the deficit down by one-third since I ran for President -- from more than \$60 billion to the low 40s, in just 3 years.

It will keep going down. Next year with tough restraints on Federal spending and moderate economic growth in prospect, I plan to reduce the budget deficit to or below \$30 billion.

When I ran for office, I promised to cut the government's share of our total national spending from 23 per cent to 21 per cent in fiscal year 1981. We're now planning to meet that goal one year early.

Reducing the deficit will require choices -- difficult, unpleasant choices.

*This is a new replacement pay  
1, done after 81 year but's concern to  
were sent in*

The time ahead will be a time of greater austerity  
than any in recent memory -- a time of national austerity.  
That austerity, and those hard choices, are necessary,  
if we want to avoid consequences that are even worse.

I am not afraid to make those choices. I am willing  
to say no to programs, even politically popular ones <sup>I would otherwise support - which</sup> we  
cannot afford. There are many things I would like to do  
for our nation -- many visions I share with you -- that

I know we must postpone, because we simply can't afford

them <sup>now</sup>. <sup>If we do not get inflation under control we will not be able to afford</sup>  
<sup>them tomorrow. ~~Controlling inflation will not sustain the economic growth necessary~~</sup>  
<sup>I have already vetoed bills that would undermine</sup> <sup>Only by controlling inflation will we</sup> <sup>to permit us to</sup>  
our fight against inflation, and the Congress has sustained <sup>afford these</sup>  
those vetoes. I know the Congress will continue to cooperate <sup>needed</sup> <sup>programs in the</sup> <sup>future.</sup>

in the effort to meet our country's needs in responsible,  
non-inflationary ways. There should be no doubt that I  
will use the powers of this office, including the veto, to  
keep our nation firmly on the path of fiscal restraint.

This is  
important  
to explain  
to blacks  
liberals why  
austerity is  
needed now.

Restraint involves tax policy as well as spending decisions. Tax reduction has never been more popular than it is today. But if in the years ahead tax cuts are done rashly, with no eye to the budget deficits, they will hurt us all by causing more inflation. There are indeed some kinds of tax cuts which directly lower costs and prices, and help in the fight against inflation. I will explore ways to reduce those taxes while still cutting the budget deficit. But until we have a convincing prospect of

*There would otherwise sound like veto of the bill. If you don't do it - which I think would be a big mistake -*  
controlling inflation, I will oppose any further reductions in Federal income taxes *beyond the ones passed by Congress.*  
To keep the government to a manageable size, I am

*you should wait until after election*  
tonight ordering an indefinite freeze on Federal hiring, and I will slash the size of the Federal workforce. This will mean a cut of more than 20,000 in the number of

permanent Federal employees planned for this Fiscal year.

I have already placed a 5.5 per cent cap on the pay increase for Federal employees.

If restraint is to be fair, those who are most privileged should exercise the most restraint. That is why I have frozen the salaries of Federal executives, and tonight I urge that private organizations do the same for their executives.

It is not enough to control government spending. We must also control the costs of regulations.

In recent years, Congress has passed a number of landmark statutes to improve social and environmental conditions. We must continue progress toward protecting the health and safety of the American people.

But we must also realize that everything has a price --

and that consumers eventually pick up the tab. Where

regulations are essential, they must be efficient. *Some are anti-inflationary. and have no compensating benefit they should be changed or removed.*

*Understand? Too broad. All contribute yesterday. This week.*  
Where they <sup>contribute to</sup> fight inflation ~~they should be removed~~ *Just*  
the Occupational Safety and Health Administration will  
eliminate nearly a thousand unnecessary regulations.\*

[\* Doublecheck on Monday.]  
*It may take until Friday*

Early this year, I directed regulatory agencies to eliminate unneeded old regulations and analyze the costs and benefits of new ones. Today I am building on those steps:

-- I have directed the formation of a Regulatory Council. This Council will include my regulatory Departments and agencies. The Council will have the important task of coordinating duplicative and overlapping regulations.

-- Most important, the Council will develop *themselves first*  
unified <sup>regulatory</sup> calendar of major regulations. The  
calendar will give us for the first time, a  
comprehensive list of regulations the Federal  
government is proposing, with their costs, and  
objectives.

These steps will help us speed up needed regulations  
and eliminate those that are not necessary.

As President, I will ~~personally~~ use my authority to  
ensure that regulations are issued only when needed, and  
that they meet their goals at the lowest possible cost.

We are also cutting away the regulatory thicket that  
has grown up around us, and giving the free enterprise

system a chance to grow up in its place.

*Congress just passed will*

give the airline industry a fresh dose of competition

*the progress already made in the international arena where*

Free market forces drove prices down, and record numbers

*The airline deregulation bill which*

~~Last year we~~

*undomestic flights*

*It will build on*

traveled. ~~Our airline deregulation bill will make these~~  
~~benefits permanent.~~

For the first time in decades, we have actually deregulated a major industry. Next year we will work with Congress to bring competition back to other industries.

[such as surface transportation]

Of all our weapons against inflation, competition is the most powerful. Without real competition, prices and wages go up -- even when demand is going down.

We must therefore work to allow more competition wherever possible so that powerful groups -- government, business, labor -- must think twice before abusing their economic power. The Justice Department and Federal Trade Commission will redouble their efforts to put competition back into the American economic system.

One of the reasons for inflation is the slowdown in productivity growth. Increased productivity is essential if we are to control inflation, make U.S. goods more competitive in world markets, and increase the real incomes of American families. We have made a start toward improving productivity. I am pleased that the tax bill passed by the Congress includes many of the investment incentives that I recommended last January. Federal support for research and development is also increasing -- by 10 per cent last year alone. That support will keep rising, especially for basic research. I have also established a National Productivity Council to coordinate and strengthen Federal programs that support productivity improvements throughout our economy.

*new page added w/o electrostatic comment*



Our government efforts will attack the inflation that hurts most -- inflation in the essentials: food, housing, and medical care.

We can't control the weather, or control the cycles of good and bad harvests that drive food prices up and down. But we can use our policies on farm production and food imports to keep inflation down. /Tonight I am vetoing

*We will veto it but only after election.*

a bill that would limit my ability to order meat imports and

*hold down the cost of meat. /\** \*Stu and Strauss object.

*Announcement now doesn't help speed +*

*will hurt Clark, Ray +*

*Wings.*

Rising interest rates have always accompanied inflation.

High interest rates threaten to price young families out of the housing market. In turn they add further to the costs that businesses confront when they borrow to expand and that consumers must pay when they buy houses and cars.

The burden of controlling inflation cannot be left to

monetary policy alone, which must deal with the problem through tight restrictions on money and credit that push interest rates higher.

I am proposing a balanced and concerted program under which tight budget restraint, private wage and price moderation, and responsible monetary policy support each other.

As the Executive Branch, Congress and the private sector, working together, show sacrifice and restraint and we begin to make progress in fighting inflation, we should expect lower inflation and lower interest rates for consumers and businesses alike.

As for medical care, where costs have gone up much faster than the general inflation rate, the most important step we can take is to pass our bill to control hospital costs. This year, the Senate passed it. Next year, I will

- 16 -

try again <sup>write that bill</sup> -- and the whole Congress will /should/\* \*Stu  
pass it. Your Congressmen will act if they hear from  
you.

Between now and January, when the new Congress  
convenes, I will be preparing other specific legislative  
proposals to help fight inflation.

The government will do its part. You can be sure  
of that. But in a free economy, government cannot do  
the job alone. In the end, the success or failure of  
this effort will also rest on whether the private sector  
will accept -- and act on -- the voluntary wage and  
price standards I am announcing tonight.

These standards are fair. They are standards that  
everyone can follow. If we do follow them, they will  
slow prices down -- so that wages won't have to chase  
them just to stay even. And they point the way toward

a genuine cure for inflation, by removing the pressures that cause it in the first place.

In the last ten years, in our attempts to protect ourselves from inflation, we have developed systems that actually keep inflation going once it has begun. Most companies raise their prices because they expect costs to rise. Unions call for large wage settlements because they expect inflation to continue. Because we expect it to happen, it does happen -- and once it's started, wages and prices chase each other up and up.

It is like a crowd standing at a football stadium. No one can see any better than when everyone is sitting down -- but no one is willing to be the first to sit down.

Tonight I am asking all employees in this country to limit their wage increases to no more than seven per cent per year. When a new wage contract is negotiated, or when

pay raises are considered, the total increase should be no more than seven per cent a year. From tonight on, every contract signed and every pay raise granted should meet this standard.

My price limitation will be equally strict. Tonight I am asking every firm in the nation to hold its price increases  $1/2$  of a percentage point below what they averaged during 1976 and 1977. In other words, prices should go up less next year than this year -- and less than wages do.

If all other economic factors were under our control, that would average out for the economy as a whole to a  $5-3/4$  per cent inflation rate next year. Because some factors aren't in our control, the actual inflation rate will probably be slightly higher than that -- 6 to  $6-1/2$  per cent. But that is lower than this year's rate -- and, more important, it is less than the standard for wage increases. That

difference is accounted for by rising productivity -- and it will allow the income of America's workers to stay ahead of inflation.

Let me put it as bluntly as possible: that is a standard for everyone to follow. Our largest companies and our smallest firms. Landlords and doctors, executives and assembly-line workers. Everyone. As far as I am concerned, every business, every union, every professional group, every individual in this country has no excuse not to adhere to these standards.

/ "Insurance" paragraph to come. /

Because this is not a mandatory control plan, I can't stop an irresponsible corporation from raising its prices, or a selfish union /group of employees/ \* from using its power \*Stu to demand excessive wages.

But then the government will respond -- using the tools of public power and public opinion.

Soon after they raise their prices or demand their excessive pay increases, the company or the union will feel the pressure the public can exert. For example, they will face new competition to drive prices back down; they will find themselves without government protections and privileges that they now enjoy. The purpose of this plan is not to punish. It is to encourage cooperation -- and to intervene in those areas where market power tempts people not to cooperate.

We'll also make better use of government money as a tool against inflation. The government makes enormous purchases from private industry -- about \$80 billion a year. That is too much money to spend carelessly. We must be prudent buyers and keep the cost of Federal pro-

curement as low as possible. If costs rise too fast,  
we can adjust those purchases as your family would -- by  
simply holding off, or switching to another supplier. We  
won't buy a fleet of cars this year, for example, if cars  
cost too much. We could decide to postpone letting con-  
tracts for Federal buildings, or to do without consulting  
services, or to authorize less travel, or buy less paint  
or paper, or channel our purchases to suppliers that have  
obeyed our price standards rather than those that have not.

*Follows:  
Check with  
Justice in  
this*

We will make every effort, within legal limits, not  
to give government contracts to companies that fail to  
meet our wage and price standards.

We will use our buying power more effectively -- to  
make restraint and competition a reality.

The government extends economic privileges to many  
parts of the private economy -- special franchises,



protected prices, subsidies, protection from foreign competition. If prices rise too fast in some industry, we will take that as a sign that those privileges are no longer needed -- and that this protection should be removed, since it is no longer in the public interest.

Government regulations also elevate wages in many industries, in many ways. If those wages rise too fast, we will take that as a sign that our support is no longer needed.

We will make sure that no part of our economy is able to use its special privileges or its concentrated power to victimize all the rest of us.

Fairness is what this plan offers. Fairness is all it asks from each of us.

This approach will not end inflation. It simply

improves our chances of making it better rather than worse. It improves our odds of living again with confidence in our future, knowing that the dollars for which we work so hard today will still be worth something tomorrow.

To summarize the <sup>improvements</sup> [plan] I am announcing tonight, we will:

- cut the budget deficit;
- freeze Federal hiring and reduce the Federal workforce;
- restrain Federal pay;
- <sup>income</sup> delay further tax cuts <sup>inflation becomes clearer</sup> until the prospect of controlling
- remove needless regulations, and use a Regulatory Calendar to control future regulations;
- use Federal policy to break up monopolies and concentrated market power, and to encourage more competition;

- set specific limits for both wages and prices throughout the economy;
- use all the powers at our disposal to make this program work; and
- submit new proposals to the Congress next January.

I have said many times that these steps will be tough -- and they are.

But I also said they will be fair. And they are. They apply equally to all groups. They give all of us an equal chance to move ahead.

And these steps, which give us a chance, deserve a chance too. There is one way to guarantee their failure, and that is to act as if they have already failed. If tomorrow, or next week, or next month, you ridicule them, ignore them, pick them apart before they have a chance to work, you will have destroyed their chance of fully succeeding. There is no idea on earth, nor any cause or

movement, that can survive if attacked prematurely,  
while it is still developing, still gathering its  
strength. These steps can work, but that will take  
time, and you are the ones who can give them that time.

So if there is one single thing I am asking of every

American tonight, it is to give this plan a chance to

work -- a chance to work for us. *We will continue in the  
meantime to send for additional answers.*

You can help give it that chance by using your  
influence.

Business must know that you will not tolerate  
irresponsible price rises. Labor must know the same  
thing. And your elected officials must know how you feel  
as they make their difficult choices. Too often the only  
voices they hear are those of special interests, supporting  
their own narrow cause. If you want your elected officials

to cast their vote for restraint, you have to make sure  
that they hear your voice.

I have heard you with unmistakable clarity.

And I hope you have heard me, when I speak frankly  
about the need for your patient help in making ~~these~~ *improvements*  
~~program~~ work.

Nearly forty years ago, when the world watched to  
see whether his ancient nation would survive, Winston  
Churchill defied those who thought Britain would fall to  
the Nazi threat. There were those who thought that  
Britain lacked the will, or the resources, or the  
discipline, to prevail. Churchill replied by asking his  
countrymen, "What kind of people do they think we are?"

There are those today who say that a free economy  
cannot cope with inflation, that interest groups can

never look beyond themselves, that we have lost our  
ability to act as a nation rather than as a collection  
of special interests.

And I reply, "What kind of people do they think  
we are?"

I know that our people, our economic system, and  
our economic government are equal to this task.

I hope that you will prove me right. Thank you,  
and good night.

We need  
to add a P  
on productivity out  
will be a real omission.  
Charles is drafting it.

# # #

THE WHITE HOUSE  
WASHINGTON

Charlie Schultze said  
he was supposed to give  
you this during your  
meeting...re speech.

THE WHITE HOUSE  
WASHINGTON

October 19, 1978

*Productivity Council*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Inflation Speech

I feel so strongly about the budget language that I want to make one last plea on this point.

1. The language which has been suggested concerning no real growth except for programs vital to our national security is contrary to the decision which you made a few days ago in the decision memorandum approving more general language on the budget. You can sound and be tough by saying that in the next fiscal year "I will propose a budget with a deficit one-half of the one I inherited." This gives just as much credibility and gives you more flexibility than the formulation being proposed.
2. The formulation means you will approve a 2-3% real increase in defense spending and take all of the reduction, in effect, out of domestic programs. I do not believe this is a sustainable position.
3. Such an imbalance will make this look exactly like a Republican speech and will lock you into making decisions in the budget process which will be extraordinarily damaging to your Democratic constituency.
4. Making this commitment in advance of the budget process abrogates the due process nature of the budget procedure and will force you to make every painful decision listed in Jim's memorandum -- particularly when one adds back the defense cuts which are now being exempted.

We do have to show credibility on the budget side but we can do this by the language I have suggested without all of the extraordinarily severe disadvantages I have mentioned.



		<u>Fiscal Years</u>	
		<u>1979</u>	<u>1980</u>
I. OMB Deflators			
Department of Defense		112.0	123.3
All other (5.97%)		<u>380.0</u>	<u>402.7</u>
Total		492.0	526.0
GNP Deflator			
Department of Defense		112.0	123.0
All other (6.28%)		<u>380.0</u>	<u>403.9</u>
Total		<u>492.0</u>	<u>527.2</u>
@ 6-1/2%			528

## II. OMB Deflators

Department of Defense		112.0	123.3
All other:			
Interest <u>1/</u>		52.2	58.3
Indexed programs		189.0	209.9
Other		<u>138.8</u>	<u>134.5</u>
		<u>380.0</u>	<u>402.7</u>

1/ Includes reduction proposals already made by the Administration

Cuts in indexed programs required to have indexed programs and others grow at the same rate of 5.06 percent is equal to \$11.3 billion.

Rising interest rates have always accompanied inflation. High interest rates threaten to price young families out of the housing market. In turn they add further to the costs that business confront when they borrow to expand and that consumers must pay when they buy houses and cars.

In the past the burden of controlling inflation has too often been left to monetary policy alone, which must deal with the problem through tight restrictions on money and credit that push interest rates higher.

What I am proposing is a balanced program under which tight budget restraint, private wage and price moderation, and responsible monetary policy support each other.

As the Executive Branch, Congress and the private sector, working together, show sacrifice and restraint and we begin to make progress in fighting inflation, we should expect lower inflation and lower interest rates for consumers and businesses alike.

Insert A P. 5

As part of this commitment I will oppose any further reduction in Federal income taxes until we have convincing prospects of controlling inflation.

Insert B p. 7

Fiscal restraint involves tax policy as well as spending decisions. Tax reduction has never been more popular than it is today. But if in the years ahead tax cuts are done rashly, with no eye to the budget deficits, they will hurt us all by causing more inflation. There are indeed some kinds of tax cuts which directly lower costs and prices, and help in the fight against inflation. I will explore ways to reduce such taxes while still cutting the budget deficit. But until we have a convincing prospect of controlling inflation, I will oppose any further reductions in Federal income taxes.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
JIM McINTYRE *Jim*  
CHARLIE SCHULTZE *CLS*

SUBJECT: Some proposed regulatory reform measures  
for your anti-inflation program

So far there have been no new regulatory reform measures proposed for your upcoming anti-inflation announcement. Your advisers believe, however, that we must take two additional steps in this area.

The basic thrust of these steps is to intensify the effort to cut excessive regulatory costs. In the speech, you would state your intention personally to exercise your Presidential authority as necessary to ensure that the regulatory process is balanced and well managed, and that regulations with large economic impacts achieve their statutory goals at minimum economic cost and regulatory burden.

The specific measures are as follows:

1. A Regulatory Calendar and a Regulatory Agency Council

As you know, regulations go through two stages. The agency first issues a Notice of Proposed Rulemaking (NPRM), in which it proposes a specific regulation or several alternative versions. It then holds public hearings and receives comments, after which it drafts and issues the final regulation. Sometimes this whole process can stretch over a number of years.

We have been working with the regulatory agencies to develop a "regulatory calendar." They have responded to our original proposal with a modified and, we think, better version. The proposal we are putting forth is agreed upon by both Executive Office and regulatory agencies.

The proposal: you would direct the executive branch regulatory Departments and agencies to form a Council of Regulatory Agencies (CRA) and to develop a unified calendar for major regulations.

- o You would meet with the major regulatory agency heads this fall and semiannually thereafter to discuss Administration policy for achieving regulatory goals with minimum economic costs.
- o The CRA would compile and publish a comprehensive list of major regulations to be proposed or promulgated over a six month period -- the first period to be from now to the middle of 1979. The calendar would include a statement of objective estimates of costs and benefits, the legal basis, relevant deadlines and timetables, and other important criteria as set out by OMB.
- o The CRA would assume additional, potentially important coordination and oversight functions. These functions are sketched in the attached memorandum to us from regulatory agency heads. (We have some reservations about some of their detailed proposals which we can work out with them.)
- o The major independent regulatory agencies would be invited to participate.

- o After publication of the calendar in the Federal Register, the CRA would undertake detailed analyses and review of the calendar. These would be reviewed by the Executive Office. The President would review the calendar and other recommendations and (subject to statutory constraints) direct that steps be taken to deal with problems that have been identified.

The calendar would then represent the "watch list" for later review in the Regulatory Analysis Program. OMB and CEA will use the calendar to inform the President of the progress of major regulations and refer major issues for the President's decision.

There are three basic purposes of the CRA and regulatory calendar:

- o to provide early warning that regulations may be inconsistent, duplicative, or overload particular industries;
- o to facilitate interagency collaboration in research, analysis, and enforcement;
- o to inform the public, the Congress, and the government about the large economic costs and benefits that regulations, as a whole, entail.

The calendar proposal outlined here is another step in rationalizing the Federal regulatory process. More work is needed to refine and consolidate our reform process and give it a permanent footing. Between now and December, our staffs will work with the CRA and other agencies to develop a paper on legislative and administrative options to improve the regulatory process.

In addition, work is needed on your legal authority to control the content and timing of regulations under the various regulatory statutes. We will ask the Attorney General for a legal opinion on this matter and for ongoing assistance as questions arise over individual regulations.

Approve Presidential Directive  
to establish Regulatory Agency  
Council and Regulatory Calendar  
Procedure \_\_\_\_\_

Disapprove \_\_\_\_\_

2. Accelerated Sunset

OMB is preparing a list of significant regulations to be subjected to sunset reviews this fall, with deadlines for completion of the reviews. We recommend that this list be distributed after your anti-inflation message. In addition, we recommend that each agency to follow up its efforts by submitting to OMB by January 1, 1979, at least one sunset target with major economic impact. We will submit to you in December a comprehensive proposal to schedule sunset reviews on a long-term basis. All agencies support this proposal.

Approve Accelerated Sunset \_\_\_\_\_

Disapprove \_\_\_\_\_



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20201

October 19, 1978

MEMORANDUM FOR STU EIZENSTAT  
JIM MCINTYRE  
CHARLIE SCHULTZE

FROM HALE CHAMPION

SUBJECT: REGULATORY OVERSIGHT AND THE ANTI-INFLATION SPEECH

We have decided not to join the memorandum on this subject being submitted to you by the other regulatory agencies.

Our views relate to three distinct issues.

- (1) What regulatory oversight functions should the Executive Branch perform that it is not performing now?

We agree that, at the very least, the calendaring function should be performed. Calendaring can lead to identification of duplication, overlap, inconsistency, and cumulative impact -- problems that might be addressed on a selective and as yet undefined basis by central Executive Branch direction.

As to all other oversight or coordinating functions, we do not think that there has been enough analysis to reach the conclusion that these functions should, as a general matter, be performed by a central mechanism. These other functions -- such as review by all agencies of a single agency's regulation or ways of dealing with undesirable "cumulative impact" -- raise a host of political, economic and legal questions.

- (2) What organizational unit should perform the calendaring function?

We do not think that the President should endorse a Council of Regulatory Agencies. While the Council might be the appropriate mechanism for calendaring, it may not be the appropriate mechanism for other oversight functions that are, at a subsequent date, deemed appropriate. Even with respect to the calendaring function, it is worth additional thought as to whether (or when) CEA/DPS/OMB should get involved.



We would strongly recommend that, if the President is going to refer to the initiation of the calendaring function, he simply say that it will be performed by an interagency group of affected agencies -- leaving purposely vague the membership, relation to EOP offices and other details. This wording would maximize future flexibility. It would not undercut the affected agencies' legitimate concern about participating in the announced function. Nor would it create a mechanism that will immediately have visibility (with respect to other oversight functions a mechanism with lower visibility may better serve Presidential interests).

(3) What should the President say about function and structure in the Anti-Inflation Speech.

We would recommend that there be no mention of regulatory oversight in the President's anti-inflation message. As the last two days over demonstrated, there is still substantial confusion about the proper oversight and coordination role and, we believe, substantial danger for the President. Since so many regulatory decisions are no-win decisions, he may, on balance, be better off staying away from this subject at this time.

If, however, you determine that, on balance, the President has to address a perceived governmental cause of inflation then we recommend that he restrict his programmatic comments to the calendaring function and to a reference to an interagency group to carry out that function. As a first step, calendaring makes obvious sense, and the President could win plaudits for that initiative without taking the risks inherent in any further commitment.

cc: Barbara Blum



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

October 19, 1978

ADMINISTRATIVELY CONFIDENTIAL

THE ADMINISTRATOR

TO: Stu Eizenstat  
Jim McIntyre  
Charlie Schultze

FROM: Barbara Blum

A handwritten signature in cursive script, appearing to read "Barbara", written over the printed name "Barbara Blum".

Last Monday you asked a number of the major regulatory agencies to develop a proposed program that would help strengthen the President's ability to manage the cumulative and cross-cutting effects of regulation. Regulatory principals and senior staff from the Departments of Agriculture; Interior; Labor; Health, Education and Welfare; Housing and Urban Development; and Transportation and the Environmental Protection Agency have worked intensively over the last several days in response. A number of the independent regulatory agencies participated in these discussions and have expressed interest in participating in the program we propose.

I think our proposal will serve the President well. It would create a mechanism that would (1) produce the regulatory calendar you suggested on Monday and (2) allow the Administration to resolve a great many cross-agency regulatory issues, whether or not they flow from the insights the calendar should provide.

With one exception this proposal has the support of all those who participated in its development. However, the Department of Health, Education and Welfare feels that a decision of this importance should not be approached with such haste and will be communicating their views to you separately.

We would be happy to develop any additional material you feel would be helpful.

Attachment



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

THE ADMINISTRATOR

TO: Stu Eizenstat  
Jim McIntyre  
Charlie Schultze

FROM: Ad Hoc Council of Regulatory Agencies

DATE: October 19, 1978

Regulation is now one of government's major functions. The President (and his regulators) needs better information regarding the cumulative and cross-cutting effects of the actions of our several regulatory agencies. And he needs to strengthen his ability to manage these effects. If the President is to "take care that the laws be faithfully executed," he needs new tools.

On Monday evening you asked us to suggest how the Administration could best move to achieve these ends. This memorandum outlines our proposal. It would establish an ambitious effort to analyze and better manage aggregate regulatory impacts, hold us accountable for the results, and also allow us to continue to deflect and absorb most of the controversy associated with difficult regulatory decisions. We also attach draft language for the regulatory portion of the President's planned inflation message.

OUR PROPOSAL

For the last eighteen months the regulatory agencies have developed a growing number of ad hoc arrangements to deal with cross-agency concerns. Let us cite just two examples. The four IRLG health agencies (EPA, FDA, OSHA, and CPSC) have collaborated increasingly on research, regulation development, and even field enforcement. FDA, USDA, and the FTC are just now completing joint public hearings on a common approach to food labeling requirements.

We propose to take the logical, necessary next step beyond these initial ad hoc arrangements. We propose that the President establish a Council of Regulatory Agencies. This Council would be charged with submitting an annual government-wide regulatory calendar to the President;

developing such other information regarding the government's overall regulatory program as the President needs; analyzing this data; and providing a vehicle through which our agencies could more easily collaborate on cross-cutting regulatory issues, whether or not they flow from these analyses.

Let us quickly outline the chief characteristics of the Council we propose. Because we are all breaking new ground here, we must recognize that the proposal will evolve as we fully develop and begin implementing it over the next several months.

### Membership

The Council would include representatives of all Executive Branch regulatory agencies and departments. We will invite the independent agencies to participate. A number are aware of this proposal and have already expressed their willingness to consider participating.

### Responsibilities

[ The Council would serve as a clearing house for the regulatory agendas of the member agencies. All agencies would submit their agendas to the Council for collation and simultaneous publication in the Federal Register. The Council could index and categorize the regulations by areas of impact. This would lead to identification of possible duplication, overlap, or inconsistency. It would also pinpoint areas where joint development of regulations would yield benefits to industry and the public, and it would aid identification of cumulative impacts. The Council would also coordinate efforts among agencies to eliminate duplicative, overlapping, and inconsistent regulations.

The Council would also address cross-cutting issues such as the combined economic impacts on specific industry or consumer groups; opportunities for sharing health, environmental, or economic data; reporting burdens on industry or other levels of government; consistency of agencies' policies (e.g., testing methodology, enforcement strategies, etc.); or consistency with existing regulations. For example, the Council might suggest that two agencies developing regulations impacting the same industry or consumer group do a joint economic study or at least share their cost information and data bases to improve the quality or reduce the cost of regulations. Similarly, if several agencies will be seeking similar information from individuals or firms, the Council could suggest that one agency collect the data and share with the others to avoid needless duplicative reporting burdens.

Where the review and coordination functions of the Council identify unresolved problems, the Council could recommend changes in schedules or procedures. For example, it could recommend that two agencies hold joint hearings on related regulations or suggest schedule changes that would allow better coordination. Similarly it could request help from non-regulatory agencies who can supply needed data. Under appropriate circumstances the Council could also recommend changes in the substance of a regulation, such as limiting its coverage to avoid overlap with other regulations.

When necessary the Council could recommend to the President that he seek necessary changes, within statutory limits, in the schedules, procedures or substance of a regulation. The Council could also ask the President or OMB for assistance in getting support from other agencies with data, manpower, and economic assistance.

#### Reporting/Relationships

The Council would report to the President quarterly on its progress, and more frequently when required by events. It would meet with the President semi-annually to discuss regulatory issues of concern to the President and the agencies. It would seek to meet with each of you periodically and with others in the Administration concerned with regulation.

#### Chairpersonship and Staffing

The Council's chairperson would be elected by the agency heads for one year periods timed to coincide with the Regulatory Agendas. The staff would be detailed from the participating agencies.

\* \* \* \* \*

The Council would, we feel, be an effective means of eliminating overlap and duplication among regulations from different agencies and of addressing cross-cutting issues, such as policy consistency; sharing technical, environmental, and economic data; or evaluating the combined impacts of regulations. It would be an important integrating device for the regulatory agencies; and it would help, not duplicate, the work of the individual agencies and of the Regulatory Analysis Review Group.

HOLDING US  
ACCOUNTABLE

This proposal differs from the one you outlined to us on Monday in two ways. First, it defines a fuller program of cross-agency regulatory analysis and reform. Second, it puts the responsibility for executing that program squarely on us, your cabinet departments and line agencies.

We would like to discuss our rationale for recommending these modifications briefly. The first change, setting out a broader agenda, is easy to explain: the job needs to be done.

There are several reasons why we urge you to look to us to get the job done:

- (1) To shield the White House from special interest pressures. One of the useful functions we serve for you and the President is that of providing a heat shield. Almost every regulatory decision is sharply contested and has a loser. The moment these losers learn that there is a routine appeal at the White House, they will swarm there. Our proposal would allow the President to get at the problems he wants to address while keeping as many such contests out of the White House as possible.
- (2) To manage through your line organizations where possible.
- (3) To reinforce public confidence in the regulatory process. The tradition that all regulators are responsible for decisions made in their name and should behave in an appropriately fair and careful manner is a valuable one. This is one reason why the Executive Office has traditionally been slow to intervene in regulatory cases. Our proposal would reduce the need for such intervention.
- (4) To avoid a political problem. Rightly or wrongly a number of the constituencies who support regulatory programs, and a significant portion of our staffs, associate increased Executive Office oversight with the unhappy experience they had with the Quality of Life Review in the last two Administrations. This proposal will effectively neutralize this emotional, potentially costly issue.

- (5) To exercise executive authority consistently under existing law. There is absolutely no disagreement that the President has the authority and responsibility to "take care that the laws be faithfully executed." However that authority is exercised, potential legal issues which may be the subject of challenge in the courts should be approached carefully and deliberately.

We appreciate your having asked us to develop this proposal; and we look forward to beginning work on the concerted attack on cross agency regulatory problems it commits us to.

## Suggested Presidential Remarks on Regulation for Anti-Inflation Speech

Another important way to check inflation is to eliminate the unnecessary costs of government regulation. Economists have been able to produce few clear measurements overall of the costs and benefits of regulation. It is even harder to measure the dollar value of the benefits of having air we can breathe, water we can drink or swim in, a safe workplace, and products that don't cause cancer. It does not require a Ph.D. in economics to know that unnecessary regulation imposes serious costs on all of us. There is no alternative for auto emission control devices, but there is no excuse for seven forms where one will do.

When I ran for President, I promised the American people I would reduce regulatory red tape. I am proud of the efforts made by my Administration, at my direction, to keep that promise. The Occupational Health and Safety Administration eliminated over 900 regulations — including the ones that involved the Federal Government in the questions of the height of fire extinguishers and the shape of toilet seats. The Environmental Protection Agency is reviewing all its air quality standards to see if they are too severe or too lenient, and has announced proposed changes in one that should save \$1 billion a year, without threat to public health. The sheer bulk of Federal forms to be filled out has been reduced by one agency after another.

And we are doing this by working with industry, with business, with environmental and labor groups. We are listening to people who are affected, and are very pleased with their cooperation. But we are not forgetting the objectives of the laws which require us to regulate — a clean environment, a safe place to work, drugs that can cure one disease without causing another. And our essential concern about avoiding unnecessary costs does not mean that we will be fooled by anyone who raises a red herring of a regulatory problem when his business or industry is really suffering because of bad management, foreign imports, a failure to keep up with the marketplace, or just plain old-fashioned smart competition.



But there remains no question that the Federal Government has too often regulated too much and in excessive detail. And no matter how much better any one agency does than it used to, there is a problem here that extends beyond any one agency or law. Different agencies regulate the same industries. They ask for the same information, but on different forms. They ask the same industry to do different, sometimes inconsistent or even contradictory things.

I am going to see to it that we use the experience of these 21 months in a broader, more forceful way. I am today establishing the Council of Regulatory Agencies to make sure that I get the information I need for a government-wide perspective on regulation. No one in this government who issues a regulation was elected to that responsibility. But I was elected, and in the Carter Administration I have the responsibility for seeing that the laws are not just literally executed, but faithfully executed. That means executed in a way that takes account of the economy and requires that no needless burden be imposed by this government on American business and industry and ultimately the American consumer.

The Council of Regulatory Agencies, with representatives of the departments and agencies in my Administration that issue regulations, will assemble a complete picture of what the government is doing in developing and using regulations -- a picture that today is little more than a barely begun jigsaw puzzle, without the picture on the box the puzzle came in.

The Council will review the agencies' plans to develop and issue regulations. It will look for opportunities for collaboration -- such as joint hearings and unified reporting forms. It will warn of potentially conflicting requirements -- and be alert for any accumulation of burdens on any one industry that may prove excessive when piled one on another.

The Council of Regulatory Agencies will enable me to manage the government's overall regulatory process. I will be meeting with the Council, and I will make sure that it takes the broad view I intend, and that it makes sure individual agencies take the same broad view. In my campaign, I promised to reduce the burden of excessive regulation, and I intend to keep that promise -- in a way that will ensure that regulatory agencies follow the laws under which they operate -- but avoid unnecessary inflationary burdens on the economy and the sort of conflicting burdens that no one agency can see if it looks at only its own charter.

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION -

ACTION  
FYI

ADMIN CONFID

CONFIDENTIAL

SECRET

EYES ONLY

VICE PRESIDENT

EIZENSTAT

JORDAN

KRAFT

LIPSHUTZ

MOORE

POWELL

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ARAGON

BOURNE

BUTLER

H. CARTER

CLOUGH

COSTANZA

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

JAGODA

LINDER

MITCHELL

MOE

PETERSON

PETTIGREW

PRESS

RAFSHOON

SCHNEIDERS

VOORDE

WARREN

WISE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

THE WHITE HOUSE  
WASHINGTON

October 20, 1978

*Read to  
late  
J*

CONGRESSIONAL TELEPHONE REQUEST

TO: Senator Robert C. Byrd  
Majority Leader

DATE: Saturday, October 21 (from Air Force I - 12:45 EDT)

BACKGROUND: Senator Byrd has released his first record album, Mountain Fiddler. He will be autographing copies of the album at the Discount Record and Book Store at Dupont Circle. (785-2662)

Senator Byrd is extremely proud of his album and has had his staff call me several times to inquire if anyone from the White House will be at the Record Store.

I recommend that you call the Senator, tell him that you are sorry you could not come by to purchase an album, but hope that he can make some arrangement for you to purchase one which you hope that he will sign.

This may seem like a frivolous call, but this event is very important to Senator Byrd.

RECOMMENDED  
BY:

Frank Moore *fm/pd*

THE WHITE HOUSE  
WASHINGTON

Savits = "I will sign tax  
bill - energy"  
environment regulations

Looked in vain for tangibly  
"speech a beginning"

Belmont def <sup>\$38-40B.</sup>  
needs to be more stringent

Savits "will balance budget"

O'Neill Leg. Labor. Ind.  
Teamwork

Consciousness  
Mikva - State & local

400 firms = 40% GNP

THE WHITE HOUSE  
WASHINGTON

Kaunda - fly in small circles

> averaging - 25/30

Backfire the time of treaty

what we want in US letter

Brezhnev > Not confirm Bfire/yr

Geneva > telemetry encryption - no

> 10 RV's (19.6) (17.4)

> <sup>US</sup> 10/6 <sup>SS</sup> on new ICBM's

Brezhnev > Cruise missile definition

Brezhnev: SALT II → III → CTB →  
MBTR

Duration of treaties

Cabinet meeting 10/24/78  
(re anti-inflation speech)  
THE WHITE HOUSE  
WASHINGTON

Tonite important  
Gov't will set example  
Opposition from Spauldint.  
Unless we can unite,  
Consequences may be severe  
Those least effort - Unhappy  
I want a team effort

THE WHITE HOUSE  
WASHINGTON

@

23 October 1978

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *R.2*  
SUBJECT: Memos Not Submitted

1. BOB LIPSHUTZ sent you a Justice Department memo on the procedure for disapproving enrolled bills after the sine die adjournment of the last session of a Congress. ✓

The memo adds nothing new to his earlier memo to you on the same subject.

2. THOMAS WATSON NOTE. The next two meetings of the General Advisory Committee will "examine the general subject of deep cuts, and I'm sure some ideas will be forthcoming which will be useful enough to transmit to you before the middle of November." ✓

2

THE WHITE HOUSE  
WASHINGTON

*sumner*



Thomas J. Watson, Jr.  
Old Orchard Road, Armonk, New York 10504

October 3, 1978

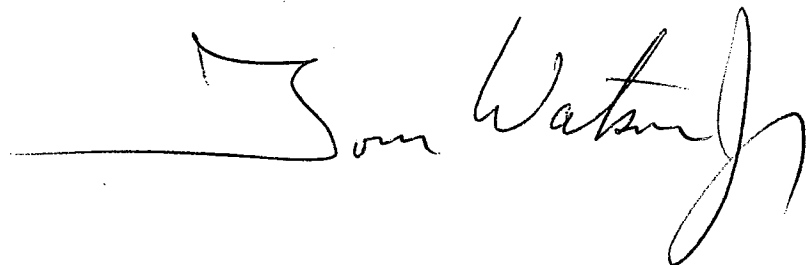
Dear Mr. President,

Thanks very much for the time which you spent with me yesterday. I appreciated having your further views on arms control and how the General Advisory Committee might help you and your Administration in the months ahead.

We have already structured our next two meetings to examine the general subject of deep cuts, and I'm sure some ideas will be forthcoming which will be useful enough to transmit to you before the middle of November.

The judgment of the total American people is rarely wrong. That you were able to travel such a long distance and win the Presidency was a fantastic accomplishment. Through the first eighteen months of your Administration you have held to your ideals and kept pressing unrelentingly towards your goals. Now that things are beginning to move in your direction in so many different areas, I'd just like to send along my congratulations. Camp David was the greatest example of leadership, courage, and diplomacy which I have ever seen or heard of. In many other areas there is affirmative movement, and I know this must be a source of great satisfaction to you.

Yours respectfully,

A handwritten signature in dark ink, appearing to read "Tom Watson Jr.", with a stylized, flowing script.


The President  
The White House  
Washington, D. C. 20500

THE WHITE HOUSE

WASHINGTON

October 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ   
RE: Courses of action available to you relative to  
enrolled bills now being presented to you, in  
relation to the Congressional adjournment

Supplementing my earlier memorandum to you regarding this matter, I am attaching a final opinion from the Department of Justice which outlines the alternative courses of action, and their consequences, relative to this matter.

Please advise if you desire any further information.

I am sending a copy of this memorandum to the various responsible White House and Executive Office personnel.

cc: Stu Eizenstat  
Rick Hutcheson  
Hamilton Jordan  
Bob Linder  
James McIntyre  
Frank Moore  
Jody Powell  
Jack Watson  
Anne Wexler

Department of Justice  
Washington, D.C. 20530

20 OCT 1978

MEMORANDUM FOR HONORABLE ROBERT J. LIPSHUTZ  
Counsel to the President

Re: Procedure for Disapproving Enrolled Bills  
after the sine die adjournment of the  
last session of a Congress

Pursuant to your request of October 17, 1978, I am forwarding this memorandum concerning the procedure by which enrolled bills presented to the President may be disapproved by him after the sine die adjournment of the 95th Congress pursuant to House Concurrent Resolution 760 and House Joint Resolution 1173.

As explained below, if the President wishes to disapprove a bill following the sine die adjournment of this Congress, he can do so simply by refusing to sign the bill. He can, in his discretion, issue a Memorandum of Disapproval setting forth in as much detail as he desires the reasons for his refusal to approve the legislation. However, he is not required by law in this situation to give any reason at all for his disapproval of the enrolled bill. Because the Congress has adjourned sine die, without a date for reconvening, the Congress is at an end and there is no House to which to return a vetoed bill. With the President's failure to sign, the bill is dead.

---

Article I, § 7, cl. 2, of the Constitution provides in substance that if the President does not approve a bill which has been presented to him he shall return it, with his objections, to the House in which it shall have originated. In that event the bill will become law only if thereafter approved by both Houses by a majority of two-thirds. The normal disapproval or veto of a bill thus requires, first, a return of the bill to the House in which it originated; this takes the form of an introductory clause "To the Senate of the United

States (or to the House of Representatives)"; and, second, a recital of the President's objections to the bill.

The last sentence of the constitutional clause provides that if the President does not return a bill to the House in which it originated within ten days (Sundays excepted) after presentation to him, it shall become a law as if he had approved it, "unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law." The failure of the President to act on a bill within the prescribed period thus has the same effect as its approval, except in the situation where "the Congress by their adjournment prevent its [the bill's] return." In the latter case, commonly called a "pocket veto," Presidential inaction results in disapproval of the bill.

An adjournment of the Congress preventing the return of a bill thus changes the effect of Presidential inaction on the bill from approval to disapproval. It is therefore important to determine what kind of adjournment prevents the return of a bill. In many situations this question is extremely controversial because the non-return of a bill blocks the procedure by which Congress can override the President's veto. \*/ But this aspect, however, is absent in the case of the sine die adjournment of the last session of a Congress. In that situation the return of the bill, apart from being not feasible due to the final dispersal of the Congress, would not protect any Congressional interest, in particular the power to override the veto. Moreover, the Congress which passed the bill, having finally adjourned, could not override the veto; nor could the next Congress override it because legislation does not survive

\*/ The Pocket Veto Case, 279 U.S. 655, 682-685 (1929), held that every adjournment which results in a dispersal of the Congress prevents the return of a bill and that a returned bill could not be delivered to Congressional officers for transmittal to Congress upon its return. This position was challenged in Wright v. United States, 302 U.S. 583 (1938), and Kennedy v. Sampson, 511 F. 2d 430 (D.C. Cir. 1974), which conclude that the return of a bill is not prevented by an adjournment within a session, especially a short one, where Congress has made provision for the receipt of disapproved bills by its officers during the adjournment.

from Congress to Congress. Hence, there is no question that the final adjournment of the last session of a Congress prevents the return of a bill.

It follows from the foregoing that in the event of a sine die adjournment of Congress the President cannot return a bill disapproved by him to the House in which it originated. On the other hand the Constitution does not foreclose him from publicly stating the reasons for his refusal to approve the legislation. This has been done quite frequently since at least the administration of President Truman by way of a memorandum of disapproval. These memoranda differ from regular vetoes only by their failure to contain the introductory "return" clause. On the other hand they usually state the reasons for the President's refusal to approve the legislation in as much detail as do regular vetoes.

Should the President call a special session of the Congress pursuant to his authority under Article II, § 3. of the Constitution, Congress could not override the veto, but could start the legislative process on the disapproved bills from the very beginning. See, The Pocket Veto Case, 279 U.S. 655, 679 fn. 6.



John M. Harmon  
Assistant Attorney General  
Office of Legal Counsel

THE WHITE HOUSE  
WASHINGTON

Phil has  
seen

THE WHITE HOUSE  
WASHINGTON

10/24/78

Mr. President:

Sev. Vance would like  
for Warnke to attend the  
meeting today.

☒ approve ☐ disapprove

Phil

A handwritten signature, possibly "J", is written in dark ink.

THE WHITE HOUSE  
WASHINGTON

10/24/78

Mr. President:

Sec. Vance will arrive at the

White House at 5:45 pm. Who

would you like at the meeting?

☒ Zbig

Phil

☒ Brown

☒ Hamilton

☐ other





PRESIDENT JIMMY CARTER  
EVENING SPEECH ON INFLATION  
THE OVAL OFFICE  
TUESDAY, OCTOBER 24, 1978, 10:00 P.M.

GOOD EVENING. I WANT TO HAVE A FRANK TALK WITH  
YOU TONIGHT ABOUT OUR MOST SERIOUS DOMESTIC PROBLEM.

THAT PROBLEM IS INFLATION. INFLATION CAN THREATEN  
ALL THE ECONOMIC GAINS WE HAVE MADE,...AND IT CAN STAND  
IN THE WAY OF WHAT WE WANT TO ACHIEVE IN THE FUTURE.

THIS HAS BEEN A LONGTIME THREAT.

FOR THE LAST TEN YEARS, THE ANNUAL INFLATION RATE  
IN THE UNITED STATES HAS AVERAGED 6 ½ %,...AND DURING THE  
THREE YEARS BEFORE MY INAUGURATION IT HAD INCREASED TO  
AN AVERAGE OF 8 %.

INFLATION HAS, THEREFORE, BEEN A SERIOUS PROBLEM  
FOR ME EVER SINCE I BECAME PRESIDENT.

WE HAVE TRIED TO CONTROL IT, BUT WE HAVE NOT BEEN  
SUCCESSFUL.

IT IS TIME FOR ALL OF US TO MAKE A GREATER AND A  
MORE COORDINATED EFFORT.

(IF INFLATION GETS WORSE.....)

IF INFLATION GETS WORSE, SEVERAL THINGS WILL HAPPEN.  
YOUR PURCHASING POWER WILL CONTINUE TO DECLINE, AND  
MOST OF THE BURDEN WILL FALL ON THOSE WHO CAN LEAST  
AFFORD IT.

OUR NATIONAL PRODUCTIVITY WILL SUFFER.

THE VALUE OF OUR DOLLAR WILL CONTINUE TO FALL IN  
WORLD TRADE.

WE HAVE MADE GOOD PROGRESS IN PUTTING OUR PEOPLE  
BACK TO WORK OVER THE PAST 21 MONTHS.

WE HAVE CREATED MORE THAN 6 MILLION NEW JOBS FOR  
AMERICAN WORKERS.

WE HAVE REDUCED THE UNEMPLOYMENT RATE BY ABOUT  
25 PERCENT,...AND WE WILL CONTINUE OUR EFFORTS TO REDUCE  
UNEMPLOYMENT FURTHER, ESPECIALLY AMONG OUR YOUNG PEOPLE  
AND MINORITIES.

BUT I MUST TELL YOU TONIGHT THAT INFLATION THREATENS  
THIS PROGRESS.

IF WE DO NOT GET INFLATION UNDER CONTROL, WE WILL NOT  
BE ABLE TO REDUCE UNEMPLOYMENT FURTHER,...AND WE MAY EVEN  
SLIDE BACKWARD.

(INFLATION IS OBVIOUSLY.....)

INFLATION IS OBVIOUSLY A SERIOUS PROBLEM.  
WHAT IS THE SOLUTION?

I DO NOT HAVE ALL THE ANSWERS.  
NOBODY DOES.

PERHAPS THERE IS NO COMPLETE AND ADEQUATE ANSWER,  
BUT I WANT TO LET YOU KNOW THAT FIGHTING INFLATION WILL BE  
A CENTRAL PREOCCUPATION OF MINE DURING THE MONTHS AHEAD,  
AND I WANT TO AROUSE OUR NATION TO JOIN ME IN THIS EFFORT.

THERE ARE TWO SIMPLISTIC AND FAMILIAR ANSWERS WHICH  
ARE SOMETIMES PROPOSED -- SIMPLE, FAMILIAR, AND TOO EXTREME.

ONE OF THESE ANSWERS IS TO IMPOSE A COMPLICATED  
SCHEME OF FEDERAL GOVERNMENT WAGE AND PRICE CONTROLS ON  
OUR ENTIRE FREE ECONOMIC SYSTEM.

THE OTHER IS A DELIBERATE RECESSION, WHICH WOULD  
THROW MILLIONS OF PEOPLE OUT OF WORK.

BOTH OF THESE EXTREME PROPOSALS WOULD NOT WORK AND *THEY*  
MUST BE REJECTED.

I HAVE SPENT MANY HOURS IN THESE LAST FEW MONTHS,  
REVIEWING WITH MY OWN ADVISORS AND WITH A NUMBER OF OUTSIDE  
EXPERTS EVERY PROPOSAL, EVERY SUGGESTION, EVERY POSSIBILITY  
FOR ELIMINATING INFLATION.

(IF THERE IS ONE THING.....)

IF THERE IS ONE THING I HAVE LEARNED BEYOND ANY DOUBT, IT IS THAT THERE IS NO SINGLE SOLUTION FOR INFLATION.

WHAT WE HAVE, INSTEAD, IS A NUMBER OF PARTIAL REMEDIES.

SOME OF THEM WILL HELP,...SOME MAY NOT.

BUT WE HAVE NO CHOICE BUT TO USE THE BEST APPROACHES WE HAVE -- AND TO MAINTAIN A CONSTANT SEARCH FOR ADDITIONAL STEPS WHICH MAY BE EFFECTIVE.

I WANT TO DISCUSS WITH YOU TONIGHT SOME OF THE APPROACHES WE HAVE BEEN ABLE TO DEVELOP.

THEY INVOLVE ACTION BY GOVERNMENT, BUSINESS, LABOR, AND EVERY OTHER SECTOR OF OUR ECONOMY.

SOME OF THESE FACTORS ARE UNDER MY CONTROL AS PRESIDENT -- ESPECIALLY GOVERNMENT ACTIONS -- AND I WILL INSIST THAT THE GOVERNMENT DOES ITS PART OF THE JOB.

BUT WHETHER OUR EFFORTS ARE SUCCESSFUL WILL FINALLY DEPEND ON YOU AS MUCH AS ON ME.

YOUR DECISIONS -- MADE EVERY DAY AT YOUR SERVICE STATION OR YOUR GROCERY STORE, IN YOUR BUSINESS, IN YOUR UNION MEETINGS -- WILL DETERMINE OUR NATION'S ANSWER TO INFLATION AS MUCH AS DECISIONS MADE HERE IN THE WHITE HOUSE OR BY THE CONGRESS ON CAPITOL HILL.

(I CANNOT GUARANTEE THAT.....)

I CANNOT GUARANTEE THAT OUR JOINT EFFORT WILL SUCCEED.

IN FACT, IT IS ALMOST CERTAIN NOT TO SUCCEED IF  
SUCCESS MEANS QUICK OR DRAMATIC CHANGES.

EVERY FREE GOVERNMENT ON EARTH IS WRESTLING WITH  
THIS PROBLEM OF INFLATION, AND EVERY ONE OF THEM KNOWS  
THAT A LONG-TERM DISEASE REQUIRES LONG-TERM TREATMENT.

IT IS UP TO US TO MAKE THE IMPROVEMENTS WE CAN,  
EVEN AT THE RISK OF PARTIAL FAILURE, RATHER THAN TO ENSURE  
FAILURE BY NOT TRYING AT ALL.

I WILL CONCENTRATE MY EFFORTS WITHIN THE GOVERNMENT.

WE KNOW THAT GOVERNMENT IS NOT THE ONLY CAUSE OF  
INFLATION.

BUT IT IS ONE OF THE CAUSES, AND GOVERNMENT DOES  
SET AN EXAMPLE.

THEREFORE, IT MUST TAKE THE LEAD IN FISCAL RESTRAINT.

-- WE ARE GOING TO HOLD DOWN GOVERNMENT SPENDING,  
REDUCE THE BUDGET DEFICIT, AND ELIMINATE  
GOVERNMENT WASTE.

-- WE WILL SLASH FEDERAL HIRING AND CUT THE FEDERAL  
WORKFORCE.

(-- WE WILL ELIMINATE.....)

- WE WILL ELIMINATE NEEDLESS REGULATIONS.
- WE WILL BRING MORE COMPETITION BACK TO OUR ECONOMY.
- AND WE WILL OPPOSE ANY FURTHER REDUCTION IN FEDERAL INCOME TAXES UNTIL WE HAVE CONVINCING PROSPECTS THAT INFLATION WILL BE CONTROLLED.

LET ME EXPLAIN WHAT EACH ONE OF THESE STEPS MEANS.

THE FEDERAL GOVERNMENT DEFICIT IS TOO HIGH.

OUR PEOPLE ARE SIMPLY SICK AND TIRED OF WASTEFUL FEDERAL SPENDING AND THE INFLATION IT BRINGS WITH IT.

WE HAVE ALREADY HAD SOME SUCCESS.

WE HAVE BROUGHT THE DEFICIT DOWN BY ONE-THIRD SINCE I RAN FOR PRESIDENT -- FROM MORE THAN \$66 BILLION IN FY 1976, TO ABOUT \$40 BILLION IN FY 1979 -- A REDUCTION OF MORE THAN \$25 BILLION IN JUST THREE YEARS.

IT WILL KEEP GOING DOWN.

NEXT YEAR WITH TOUGH RESTRAINTS ON FEDERAL SPENDING AND MODERATE ECONOMIC GROWTH IN PROSPECT, I PLAN TO REDUCE THE BUDGET DEFICIT TO LESS THAN ONE-HALF WHAT IT WAS WHEN I RAN FOR OFFICE -- TO \$30 BILLION OR LESS.

~~AND IN FUTURE BUDGETS, AS ECONOMIC GROWTH CONTINUES,~~  
~~I WILL WORK TO ACHIEVE A BALANCED BUDGET.~~

(THE GOVERNMENT HAS BEEN.....)

THE GOVERNMENT HAS BEEN SPENDING TOO GREAT A PORTION OF WHAT OUR NATION PRODUCES.

DURING MY CAMPAIGN I PROMISED TO CUT THE GOVERNMENT'S SHARE OF OUR TOTAL NATIONAL SPENDING FROM 23 PERCENT TO 21 PERCENT IN FISCAL YEAR 1981.

WE NOW PLAN TO MEET THAT GOAL ONE YEAR EARLIER.

REDUCING THE DEFICIT WILL REQUIRE DIFFICULT AND UNPLEASANT DECISIONS.

WE MUST FACE A TIME OF NATIONAL AUSTERITY.

HARD CHOICES ARE NECESSARY IF WE WANT TO AVOID CONSEQUENCES THAT ARE EVEN WORSE.

I INTEND TO MAKE THOSE HARD CHOICES.

I HAVE ALREADY VETOED BILLS THAT WOULD UNDERMINE OUR FIGHT AGAINST INFLATION, AND THE CONGRESS HAS SUSTAINED THOSE VETOES.

I KNOW THAT THE CONGRESS WILL CONTINUE TO COOPERATE IN THE EFFORT TO MEET OUR NEEDS IN RESPONSIBLE, NON-INFLATIONARY WAYS.

I WILL USE THE ADMINISTRATIVE AND BUDGETARY POWERS OF MY OFFICE, INCLUDING THE VETO IF NECESSARY, TO KEEP OUR NATION FIRMLY ON THE PATH OF FISCAL RESTRAINT.

(RESTRAINT INVOLVES TAX POLICY...)

RESTRAINT INVOLVES TAX POLICY AS WELL AS SPENDING DECISIONS.

TAX REDUCTION HAS NEVER BEEN MORE POLITICALLY POPULAR THAN IT IS TODAY.

BUT IF FUTURE TAX CUTS ARE MADE RASHLY, WITH NO EYE ON THE BUDGET DEFICITS, THEY WILL HURT US ALL BY CAUSING MORE INFLATION.

THERE ARE TAX CUTS WHICH COULD DIRECTLY LOWER COSTS AND PRICES AND HELP IN THE FIGHT AGAINST INFLATION.

I MAY CONSIDER WAYS TO REDUCE THOSE PARTICULAR TAXES WHILE STILL CUTTING THE BUDGET DEFICIT,...BUT UNTIL WE HAVE A CONVINCING PROSPECT OF CONTROLLING INFLATION, I WILL OPPOSE ANY FURTHER REDUCTIONS IN FEDERAL INCOME TAXES.

TO KEEP THE GOVERNMENT TO A MANAGEABLE SIZE, I AM TONIGHT ORDERING A <sup>CUT</sup> ~~REDUCTION~~ IN FEDERAL HIRING.

THIS ORDER WILL MEAN A REDUCTION OF MORE THAN 20,000 IN THE NUMBER OF PERMANENT FEDERAL EMPLOYEES ALREADY BUDGETED FOR THIS FISCAL YEAR,...AND I WILL CUT THE TOTAL SIZE OF THE FEDERAL WORKFORCE.

I HAVE ALREADY PLACED A 5.5 PERCENT CAP ON THE PAY INCREASE FOR FEDERAL EMPLOYEES, AND FEDERAL EXECUTIVE OFFICERS ARE RECEIVING NO PAY INCREASES AT ALL.

(IT IS NOT ENOUGH JUST TO.....)



IT IS NOT ENOUGH JUST TO CONTROL GOVERNMENT DEFICITS, SPENDING, AND HIRING.

WE MUST ALSO CONTROL THE COSTS OF GOVERNMENT REGULATIONS.

IN RECENT YEARS, CONGRESS HAS PASSED A NUMBER OF LANDMARK STATUTES TO IMPROVE SOCIAL AND ENVIRONMENTAL CONDITIONS.

WE MUST AND WE WILL CONTINUE PROGRESS TOWARD PROTECTING THE HEALTH AND SAFETY OF THE AMERICAN PEOPLE.

BUT WE MUST ALSO REALIZE THAT EVERYTHING HAS A PRICE -- AND THAT CONSUMERS EVENTUALLY PICK UP THE TAB.

WHERE REGULATIONS ARE ESSENTIAL, THEY MUST BE EFFICIENT.

WHERE THEY FIGHT INFLATION THEY SHOULD BE ENCOURAGED.

WHERE THEY ARE UNNECESSARY, THEY SHOULD BE REMOVED.

EARLY THIS YEAR, I DIRECTED FEDERAL AGENCIES TO ELIMINATE UNNECESSARY REGULATIONS AND TO ANALYZE THE COSTS AND BENEFITS OF NEW ONES.

(TODAY, FOR INSTANCE,.....)

TODAY, FOR INSTANCE, THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION ELIMINATED NEARLY 1,000 UNNECESSARY REGULATIONS.

NOW WE CAN BUILD ON THIS PROGRESS.

- I HAVE DIRECTED A COUNCIL OF MY REGULATORY DEPARTMENTS AND AGENCIES TO COORDINATE THEIR REGULATIONS TO PREVENT OVERLAPPING AND DUPLICATION.
- MOST IMPORTANT, THE COUNCIL WILL DEVELOP A UNIFIED CALENDAR OF PLANNED MAJOR REGULATIONS. THE CALENDAR WILL GIVE US, FOR THE FIRST TIME, A COMPREHENSIVE LIST OF REGULATIONS THE FEDERAL GOVERNMENT IS PROPOSING, WITH THEIR COSTS AND OBJECTIVES.

AS PRESIDENT, I WILL PERSONALLY USE MY AUTHORITY TO ENSURE THAT REGULATIONS ARE ISSUED ONLY WHEN NEEDED, AND THAT THEY MEET THEIR GOALS AT THE LOWEST POSSIBLE COST.

WE ARE ALSO CUTTING AWAY THE REGULATORY THICKET THAT HAS GROWN UP AROUND US, AND GIVING OUR COMPETITIVE FREE ENTERPRISE SYSTEM A CHANCE TO GROW UP IN ITS PLACE.

(LAST YEAR WE GAVE THE.....)

LAST YEAR WE GAVE THE AIRLINE INDUSTRY A FRESH SHOT OF COMPETITION.

REGULATIONS WERE REMOVED.

FREE MARKET FORCES DROVE PRICES DOWN, RECORD NUMBERS OF PASSENGERS TRAVELED -- AND PROFITS WENT UP.

OUR NEW AIRLINE DEREGULATION BILL WILL MAKE THESE BENEFITS PERMANENT.

FOR THE FIRST TIME IN DECADES, WE HAVE ACTUALLY DEREGULATED A MAJOR INDUSTRY.

NEXT YEAR WE WILL WORK WITH CONGRESS TO BRING MORE COMPETITION TO OTHERS, SUCH AS THE RAILROAD AND TRUCKING INDUSTRIES.

OF ALL OUR WEAPONS AGAINST INFLATION, COMPETITION IS THE MOST POWERFUL.

WITHOUT REAL COMPETITION, PRICES AND WAGES GO UP -- EVEN WHEN DEMAND IS GOING DOWN.

WE MUST THEREFORE WORK TO ALLOW MORE COMPETITION WHEREVER POSSIBLE SO THAT POWERFUL GROUPS -- GOVERNMENT, BUSINESS, LABOR -- MUST THINK TWICE BEFORE ABUSING THEIR ECONOMIC POWER.

(WE WILL REDOUBLE OUR EFFORTS.....)

RIISING INTEREST RATES HAVE ALWAYS ACCOMPANIED  
INFLATION.

THEY ADD FURTHER TO THE COSTS OF BUSINESS EXPANSION  
AND TO WHAT CONSUMERS MUST PAY WHEN THEY BUY HOUSES AND  
OTHER CONSUMER ITEMS.

THE BURDEN OF CONTROLLING INFLATION CANNOT BE LEFT  
TO MONETARY POLICY ALONE, WHICH MUST DEAL WITH THE  
PROBLEM THROUGH TIGHT RESTRICTIONS ON MONEY AND CREDIT  
THAT PUSH INTEREST RATES UP.

I WILL WORK FOR A BALANCED, CONCERTED, AND  
SUSTAINED PROGRAM UNDER WHICH TIGHT BUDGET RESTRAINT,  
PRIVATE WAGE AND PRICE MODERATION, AND RESPONSIBLE  
MONETARY POLICY SUPPORT EACH OTHER.

IF SUCCESSFUL, WE SHOULD EXPECT LOWER INFLATION  
AND LOWER INTEREST RATES FOR CONSUMERS AND BUSINESSES  
ALIKE.

AS FOR MEDICAL CARE, WHERE COSTS HAVE GONE UP  
MUST FASTER THAN THE GENERAL INFLATION RATE, THE MOST  
IMPORTANT STEP WE CAN TAKE IS TO PASS <sup>A STRONG</sup> ~~ONE~~ BILL TO  
CONTROL HOSPITAL COSTS.

(THIS YEAR, THE SENATE.....)

WE WILL REDOUBLE OUR EFFORTS TO PUT COMPETITION BACK INTO THE AMERICAN FREE ENTERPRISE SYSTEM.

ANOTHER REASON FOR INFLATION IS THE SLOWDOWN IN PRODUCTIVITY GROWTH.

MORE EFFICIENT PRODUCTION IS ESSENTIAL IF WE ARE TO CONTROL INFLATION, MAKE AMERICAN GOODS MORE COMPETITIVE IN WORLD MARKETS, ADD NEW JOBS, AND INCREASE THE REAL INCOMES OF OUR PEOPLE.

WE HAVE MADE A START TOWARD IMPROVING PRODUCTIVITY.

THE TAX BILL JUST PASSED BY THE CONGRESS INCLUDES MANY OF THE INVESTMENT INCENTIVES THAT I RECOMMENDED LAST JANUARY.

FEDERAL SUPPORT FOR RESEARCH AND DEVELOPMENT WILL CONTINUE TO INCREASE, ESPECIALLY FOR BASIC RESEARCH.

WE WILL COORDINATE AND STRENGTHEN FEDERAL PROGRAMS THAT SUPPORT PRODUCTIVITY IMPROVEMENTS THROUGHOUT OUR ECONOMY.

OUR GOVERNMENT EFFORTS WILL ATTACK THE INFLATION THAT HURTS MOST -- INFLATION IN THE ESSENTIALS: FOOD, HOUSING, AND MEDICAL CARE.

WE WILL CONTINUE TO USE OUR AGRICULTURAL POLICIES TO SUSTAIN FARM PRODUCTION, TO MAINTAIN STABLE PRICES, AND TO KEEP INFLATION DOWN.

(RISING INTEREST RATES HAVE....

THIS YEAR, THE SENATE PASSED <sup>ONE,</sup> ~~IT~~

NEXT YEAR I WILL TRY AGAIN, AND I BELIEVE THE  
WHOLE CONGRESS WILL ACT TO HOLD DOWN HOSPITAL COSTS --  
IF YOUR OWN MEMBERS OF CONGRESS HEAR FROM YOU.

BETWEEN NOW AND JANUARY, WHEN THE NEW CONGRESS  
CONVENES, I WILL BE PREPARING A PACKAGE OF SPECIFIC  
LEGISLATIVE PROPOSALS TO HELP FIGHT INFLATION.

THE GOVERNMENT WILL DO ITS PART, BUT IN A COUNTRY  
LIKE OURS, GOVERNMENT CANNOT DO THE JOB ALONE.

IN THE END, THE SUCCESS OR FAILURE OF THIS EFFORT  
WILL ALSO REST ON WHETHER THE PRIVATE SECTOR WILL ACCEPT --  
AND ACT ON -- THE VOLUNTARY WAGE AND PRICE STANDARDS I AM  
ANNOUNCING TONIGHT.

THESE STANDARDS ARE FAIR.

THEY ARE STANDARDS THAT EVERYONE CAN FOLLOW.

IF WE DO FOLLOW THEM, THEY WILL SLOW PRICES DOWN --  
SO THAT WAGES WILL NOT HAVE TO CHASE PRICES JUST TO STAY  
EVEN.

AND THEY POINT THE WAY TOWARD AN EVENTUAL CURE FOR  
INFLATION, BY REMOVING THE PRESSURES THAT CAUSE IT IN THE  
FIRST PLACE.

(IN THE LAST TEN YEARS.....)

IN THE LAST TEN YEARS, IN OUR ATTEMPTS TO PROTECT OURSELVES FROM INFLATION, WE HAVE DEVELOPED ATTITUDES AND HABITS THAT ACTUALLY KEEP INFLATION GOING ONCE IT HAS BEGUN.

MOST COMPANIES RAISE THEIR PRICES BECAUSE THEY EXPECT COSTS TO RISE.

UNIONS CALL FOR LARGE WAGE SETTLEMENTS BECAUSE THEY EXPECT INFLATION TO CONTINUE.

BECAUSE WE EXPECT IT TO HAPPEN, IT DOES HAPPEN -- AND ONCE IT'S STARTED, WAGES AND PRICES CHASE EACH OTHER UP AND UP.

IT IS LIKE A CROWD STANDING AT A FOOTBALL STADIUM. NO ONE CAN SEE ANY BETTER THAN WHEN EVERYONE IS SITTING DOWN -- BUT NO ONE IS WILLING TO BE THE FIRST TO SIT DOWN.

EXCEPT FOR OUR LOWEST PAID WORKERS, I AM ASKING ALL EMPLOYEES IN THIS COUNTRY TO LIMIT THEIR TOTAL WAGE INCREASES TO A MAXIMUM OF SEVEN PERCENT PER YEAR.

FROM TONIGHT ON, EVERY CONTRACT SIGNED AND EVERY PAY RAISE GRANTED SHOULD MEET THIS STANDARD.

(MY PRICE LIMITATION WILL BE.....)

MY PRICE LIMITATION WILL BE EQUALLY STRICT.

OUR BASIC TARGET FOR ECONOMY-WIDE PRICE INCREASES IS 5-3/4 PERCENT.

TO REACH THIS GOAL, I AM TONIGHT SETTING A STANDARD FOR EACH FIRM IN THE NATION TO HOLD ITS PRICE INCREASES AT LEAST ONE-HALF OF A PERCENTAGE POINT BELOW WHAT THEY AVERAGED DURING 1976 AND 1977.

OF COURSE, WE HAVE TO TAKE INTO ACCOUNT BINDING COMMITMENTS ALREADY IN EFFECT WHICH WILL PREVENT AN ABSOLUTE ADHERENCE TO THESE STANDARDS.

BUT THIS PRICE STANDARD IS MUCH LOWER THAN THIS YEAR'S INFLATION RATE -- AND MORE IMPORTANT, IT IS LESS THAN THE STANDARD FOR WAGE INCREASES.

THAT DIFFERENCE IS ACCOUNTED FOR BY RISING PRODUCTIVITY -- AND IT WILL ALLOW THE INCOME OF AMERICA'S WORKERS TO STAY AHEAD OF INFLATION.

THIS IS A STANDARD FOR EVERYONE TO FOLLOW.  
EVERYONE.

AS FAR AS I AM CONCERNED, EVERY BUSINESS, EVERY UNION, EVERY PROFESSIONAL GROUP, EVERY INDIVIDUAL IN THIS COUNTRY HAS NO EXCUSE NOT TO ADHERE TO THESE STANDARDS.

(IF WE MEET THESE STANDARDS.....)



IF WE MEET THESE STANDARDS, THE REAL BUYING POWER OF YOUR PAYCHECK WILL RISE.

THE DIFFICULTY WITH A VOLUNTARY PROGRAM IS THAT WORKERS FEAR THAT IF THEY COOPERATE WITH THE STANDARDS WHILE OTHERS DO NOT, THEN THEY WILL SUFFER IF INFLATION CONTINUES.

TO DEAL WITH THIS CONCERN, I WILL ASK THE CONGRESS NEXT JANUARY TO ENACT A PROGRAM PROVIDING THAT WORKERS WHO OBSERVE THE STANDARDS WOULD BE ELIGIBLE FOR A TAX REBATE IF THE INFLATION RATE IS MORE THAN 7 PERCENT.

IN OTHER WORDS, THEY WOULD HAVE A "REAL WAGE INSURANCE POLICY" AGAINST INFLATION WHICH MIGHT BE CAUSED BY OTHERS.

THIS WILL GIVE OUR WORKERS AN ADDITIONAL INCENTIVE TO OBSERVE THE PROGRAM -- AND WILL REMOVE THEIR ONLY LEGITIMATE REASON NOT TO COOPERATE.

BECAUSE THIS IS NOT A MANDATORY CONTROL PLAN, I CANNOT STOP AN IRRESPONSIBLE CORPORATION FROM RAISING ITS PRICES, OR A SELFISH GROUP OF EMPLOYEES FROM USING ITS POWER TO DEMAND EXCESSIVE WAGES.

(BUT THEN THE GOVERNMENT WILL..)

BUT THEN IF THAT HAPPENS THE GOVERNMENT WILL RESPOND --  
USING THE TOOLS OF GOVERNMENT AUTHORITY AND PUBLIC OPINION.

SOON AFTER THEY RAISE PRICES OR DEMAND PAY INCREASES  
THAT ARE EXCESSIVE, THE COMPANY OR THE UNION WILL FEEL  
THE PRESSURE THE PUBLIC CAN EXERT, THROUGH NEW COMPETITION  
TO DRIVE PRICES DOWN, OR REMOVAL OF GOVERNMENT PROTECTIONS  
AND PRIVILEGES WHICH THEY NOW ENJOY.

WE WILL ALSO MAKE BETTER USE OF THE \$80 BILLION  
WORTH OF PURCHASES THE GOVERNMENT MAKES FROM PRIVATE  
INDUSTRY EACH YEAR.

WE MUST BE PRUDENT BUYERS.

IF COSTS RISE TOO FAST, WE CAN DELAY THOSE PURCHASES  
AS YOUR FAMILY WOULD -- OR SWITCH TO ANOTHER SUPPLIER.

WE MAY NOT BUY A FLEET OF CARS THIS YEAR, FOR  
EXAMPLE, IF CARS COST TOO MUCH,...OR WE MAY CHANNEL OUR  
PURCHASES TO SUPPLIERS WHO HAVE OBSERVED OUR WAGE AND  
PRICE STANDARDS RATHER THAN THOSE WHO HAVE NOT.

WE WILL REQUIRE FIRMS THAT SUPPLY GOODS AND SERVICES  
TO THE GOVERNMENT TO CERTIFY THEIR COMPLIANCE WITH THE  
WAGE AND PRICE STANDARDS.

WE WILL MAKE EVERY EFFORT, WITHIN LEGAL LIMITS,  
TO DENY GOVERNMENT CONTRACTS TO COMPANIES THAT FAIL TO  
MEET OUR WAGE AND PRICE STANDARDS.

(WE WILL USE OUR BUYING.....)

WE WILL USE OUR BUYING POWER MORE EFFECTIVELY --  
TO MAKE PRICE RESTRAINT AND COMPETITION A REALITY.

THE GOVERNMENT NOW EXTENDS ECONOMIC PRIVILEGES  
TO MANY PARTS OF THE PRIVATE ECONOMY -- SPECIAL FRANCHISES,  
PROTECTED WAGES AND PRICES, SUBSIDIES, PROTECTION FROM  
FOREIGN COMPETITION.

IF WAGES OR PRICES RISE TOO FAST IN SOME INDUSTRY,  
WE WILL TAKE THAT AS A SIGN THAT THOSE PRIVILEGES ARE NO  
LONGER NEEDED -- AND THAT THIS PROTECTION SHOULD BE  
REMOVED.

WE WILL MAKE SURE THAT NO PART OF OUR ECONOMY  
IS ABLE TO USE ITS SPECIAL PRIVILEGE OR ITS CONCENTRATED  
POWER TO VICTIMIZE ALL THE REST OF US.

THIS APPROACH I HAVE OUTLINED WILL NOT END  
INFLATION.

IT SIMPLY IMPROVES OUR CHANCES OF MAKING IT  
BETTER RATHER THAN WORSE.

(TO SUMMARIZE THE PLAN.....)

TO SUMMARIZE THE PLAN I AM ANNOUNCING TONIGHT:

- WE WILL CUT THE BUDGET DEFICIT.
- WE WILL SLASH FEDERAL HIRING AND REDUCE THE FEDERAL WORKFORCE.
- WE WILL RESTRAIN FEDERAL PAY.
- WE WILL DELAY FURTHER TAX CUTS.
- WE WILL REMOVE NEEDLESS REGULATIONS.
- WE WILL USE FEDERAL POLICY TO ENCOURAGE MORE COMPETITION.
- WE WILL SET SPECIFIC STANDARDS FOR BOTH WAGES AND PRICES THROUGHOUT THE ECONOMY.
- WE WILL USE ALL THE POWERS AT OUR DISPOSAL TO MAKE THIS PROGRAM WORK.
- AND WE WILL SUBMIT NEW ANTI-INFLATION PROPOSALS TO THE CONGRESS NEXT JANUARY, INCLUDING THE REAL WAGE INSURANCE PROPOSAL I HAVE DISCUSSED TONIGHT.

I HAVE SAID MANY TIMES THAT THESE STEPS WILL BE  
TOUGH -- AND THEY ARE.

(BUT I ALSO SAID THEY WILL BE.....)

BUT I ALSO SAID THEY WILL BE FAIR -- AND THEY ARE.  
THEY APPLY EQUALLY TO ALL GROUPS.

THEY GIVE ALL OF US AN EQUAL CHANCE TO MOVE AHEAD.

AND THESE PROPOSALS, WHICH GIVE US A CHANCE, ALSO  
DESERVE A CHANCE.

IF TOMORROW, OR NEXT WEEK, OR NEXT MONTH, YOU  
RIDICULE THEM, IGNORE THEM, PICK THEM APART BEFORE THEY  
HAVE A CHANCE TO WORK,...YOU WILL HAVE REDUCED THEIR  
CHANCE OF SUCCEEDING.

THESE STEPS CAN WORK, BUT THAT WILL TAKE TIME,  
AND YOU ARE THE ONES WHO CAN GIVE THEM THAT TIME.

IF THERE IS ONE THING I AM ASKING OF EVERY AMERICAN  
TONIGHT, IT IS TO GIVE THIS PLAN A CHANCE TO WORK --  
A CHANCE TO WORK FOR US.

YOU CAN HELP GIVE IT THAT CHANCE BY USING YOUR  
INFLUENCE.

BUSINESS AND LABOR MUST KNOW THAT YOU WILL NOT  
TOLERATE IRRESPONSIBLE PRICE AND WAGE INCREASES.

YOUR ELECTED OFFICIALS MUST KNOW HOW YOU FEEL  
AS THEY MAKE DIFFICULT CHOICES.

(TOO OFTEN THE ONLY.....)

TOO OFTEN THE ONLY VOICES THEY HEAR ARE THOSE OF  
SPECIAL INTERESTS, SUPPORTING THEIR OWN NARROW CAUSE.

IF YOU WANT GOVERNMENT OFFICIALS TO CUT INFLATION,  
YOU HAVE TO MAKE SURE THAT THEY HEAR YOUR VOICE.

\* \* \*

I HAVE HEARD YOU WITH UNMISTAKABLE CLARITY.

NEARLY 40 YEARS AGO, WHEN THE WORLD WATCHED TO SEE  
WHETHER HIS NATION WOULD SURVIVE, WINSTON CHURCHILL DEFIED  
THOSE WHO THOUGHT BRITAIN WOULD FALL TO THE NAZI THREAT.

CHURCHILL REPLIED BY ASKING HIS COUNTRYMEN,  
"WHAT KIND OF PEOPLE DO THEY THINK WE ARE?"

THERE ARE THOSE TODAY WHO SAY THAT A FREE ECONOMY  
CANNOT COPE WITH INFLATION, AND THAT WE HAVE LOST OUR  
ABILITY TO ACT AS A NATION RATHER THAN AS A COLLECTION  
OF SPECIAL INTERESTS.

AND I REPLY, "WHAT KIND OF PEOPLE DO THEY THINK  
WE ARE?"

I BELIEVE THAT OUR PEOPLE, OUR ECONOMIC SYSTEM,  
AND OUR GOVERNMENT ARE EQUAL TO THIS TASK.

I HOPE THAT YOU WILL PROVE ME RIGHT.

THANK YOU, AND GOOD NIGHT.

# # #

Phil has

pleen

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**THE WHITE HOUSE  
WASHINGTON**

October 24, 1978

MR. PRESIDENT:

You and Rosalynn can fly to Camp Hoover tomorrow.  
Her schedule is open from 3:30 p.m. on.

3:30 p.m.	Depart South Lawn
4:15 p.m.	Arrive landing site
4:16 p.m.	Depart by motorcade to Camp Hoover
4:35 p.m.	Arrive Camp Hoover
5:25 p.m.	Depart Camp Hoover
5:45 p.m.	Depart landing site
6:30 p.m.	Arrive South Lawn

Your arrival time at the Krueger Fundraiser is flexible  
around 7 p.m. for 30 minutes.

We will need to take a protective pool on this movement  
and at some point before departure announce this trip to the  
press. This can be done Wednesday afternoon. Press will not be  
allowed inside Camp Hoover.

APPROVE ✓ DISAPPROVE           

PHIL





THE WHITE HOUSE  
WASHINGTON

October 23, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *Ann*

Attached is the calendar of inflation activities planned for this week and so far for next week. There may be additional events added.

This is to give you an idea of the scope of activities we are organizing on your anti-inflation program.

Attachment

MONDAY 10/23	TUESDAY 10/24	WEDNESDAY 10/25	THURSDAY 10/26	FRIDAY 10/27	SATURDAY 10/28	SUNDAY 10/29
	Foreign Press Tuesday or Wednesday (Blumenthal)	During day: Proposed briefing for key administration officials President/Bosworth/Schultze	One-half hour for TV interviews with group station Schultze/Bosworth (5 minutes)	PROPOSED: East Room President or Vice President Schultze, Bosworth (Kreps, Blumenthal)		Face the Nation (Blumenthal)
10:00 Health Group Russell/Gramley Room 263	11:30 Cabinet-President (20 minutes) Schultze,	Good Morning (Strauss) Today ( ) CBS Morning News (Schultze, Bosworth or Eizenstat)	10:30 Procurement Bosworth/Fettig 208 EOB	Also, Monday, Tuesday or Wednesday		Meet the Press (Mike Mansfield)
2:00 Congressional staff Schultze and Bosworth Room 450	1:45 Congressional Cabinet Room  President (20 minutes) Schultze/Bosworth (Time blocked: 1:00 to 2:15)	9:00 Out-of-town editors to and agency PIO's 10:45 Bosworth/Strauss, Schultze	2:00 Trade Associations Gould/Russell Room 450/EOB			Issues and Answers (Open)
3:45 Corporate Reps Schultze Roosevelt Room	3:00 TV Commentators, to financial writers 4:00 and columnists  Strauss and Schultze 160 EOB	11:00 Out-of-town editors on other issues (Eizenstat) 11:15 Southern Dems (10 min.) Anne Wexler 1:00 Newspapers, magazines, columnists -- split (12:00) among Schultze, Strauss, Bosworth and Eizenstat	8:30 Securities Firms/ and Corporate economists 12:00 Schultze and Bosworth Two briefings- 1 hour Family Dining Room			
	6:00 WH Press Corps to Schultze/Eisenstat 7:00	1:30 Jewish Groups Schultze/Russell Roosevelt Room  4:00 Corporate PIO's 5:00 Bosworth/Schultze  6:30 McNeil-Lehrer Eizenstat				
NOTE: McIntyre in Houston WH Conference on Small Businesses		NOTE: Packer-Los Angeles Financial analysts with Galbraith	NOTE: Kreps - Chicago Economic Club	ADMINISTRATIVELY CONFIDENTIAL Tentative 10/23/78 For changes or additions, contact Mike Chanin (2613)		

<p>MONDAY 10/30</p>	<p>TUESDAY 10/31</p>	<p>WEDNESDAY 11/1</p>	
<p>PROPOSED: East Room Briefing President or Vice President</p>	<p>PROPOSED: East Room Briefing President or Vice President</p>	<p>PROPOSED: East Room Briefing President or Vice President</p>	
<p>2:00 Specialized Business to Publications 3:00 Schultze/Blumenthal 450 OEOB 3:00 Specialized Business to Publications 4:00 Kreps/Blumenthal 450 OEOB</p>		<p>NOTE: Anti-Inflation forums St. Louis Schultze, Bosworth Strauss, Kreps, Marshall, Blumental</p>	<p>NOTE: PROPOSED: Meeting with Governors - One to two weeks after speech - The President (10 minutes)</p>